Daily Report

Latin America

FBIS-LAT-95-053
Monday
20 March 1995

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FBIS-LAT-95-053 *20 March 1995*

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Temporary Exclusion of Trade Topics From G-3 Proposed

PA2003041995 Mexico City NOTIMEX in Spanish 2123 GMT 19 Mar 95

[FBIS Translated Text] Santa Fe de Bogota, 19 Mar (NOTIMEX)—The Colombian Government today proposed excluding for now the trade topic from the agenda of the Group of Three (G-3) in order to recover the dynamics of the group with other types of initiatives.

"Mexico, Venezuela, and Colombia can discuss topics other than trade. They can launch vigorous actions in tourism or cultural spheres," Foreign Minister Rodrigo Pardo has said here.

In an interview granted to Radio Cadena Nacional (RCN), the official admitted that the Free Trade Agreement signed by the G-3 last year, "from the start ran into the difficult economic situations of Mexico and Venezuela."

"The two situations involve the trade sector and brought about devaluations, something that from the start gave an advantage to the Mexican and Venezuelan producers over the Colombians," he explained.

Nevertheless, he stressed that the agreement, which went into force in January, "joins three economies of an appreciable size, which, despite the problems, are known outside the region, and three countries with resources to offer the international community."

The Colombian foreign minister disclosed that beginning in June, when Colombia takes over the pro tempore secretariat of the G-3, it will present a program that will bring back dynamism to other topics not involved with trade.

Bank Approves 'Record' Number of Technical Aid Projects

FL1803133095 Bridgetown CANA in English 1646 GMT 17 Mar 95

[FBIS Transcribed Text] Washington, March 16, CANA—The Inter-American Development Bank (IDB) said Thursday it had approved a record 11 technical assistance projects in 1994, for a total of U.S.40.97 million, in support of fiscal reform in Latin America and the Caribbean.

"Fiscal reform, encompassing tax and customs systems and financial administration, is one of the cornerstones of the adjustment process that is restoring macroeconomic balance and growth in the region," a statement from the bank said. The Bank has stepped up its activity in this area since the decade of the 1980s and has approved projects for almost every country in the region.

In 1994 the IDB authorised U.S.10.7 million for tax reform projects in Bolivia, the Dominican Republic, Guatemala, Peru, and Uruguay. It also approved 5.1 million dollars for customs modernisation in Guatemala, Nicaragua, Peru, and Uruguay. In the area of modernising financial administration, it authorised 23.8 million dollars for Argentina and 1.37 million dollars for Nicaragua. The IDB has supported tax reform through 36 projects in 17 countries, for a total of 68 million dollars, plus four regional projects totaling 2.7 million dollars, two of which were training courses to build management capacity in the countries' internal revenue services.

"The purpose of tax reform is to increase tax revenue, curb tax evasion, and update tax administration systems. It can take the form of adding new sales taxes, cutting the number of taxes and exemptions, adjusting income tax rates, and reducing and harmonising customs tariffs," the bank said.

Computer systems are introduced to streamline administration and inspection, decentralise the collection process, standardise withholding arrangements, and set up systems for monitoring large-scale taxpayers. Recent support has included training personnel at tax administration offices.

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Cuba

Robaina Comments on U.S. Congress Debate on Blockade

PA1803165295 Havana PRENSA LATINA in Spanish 2255 GMT 17 Mar 95

[By Martin Hacthoun]

[FBIS Translated Text] Havana, 17 Mar (PL)—Cuban Foreign Minister Roberto Robaina today characterized the emergence in the U.S. Congress of voices contrary to those that want to tighten the blockade against Cuba as "encouraging, just, and honest."

During an interview with PRENSA LATINA on the current political debate going on in Washington between people in favor and people opposed to such a hostile measure, a debate made evident by various projects under discussion at the Capitol, Robaina said it "reflects a new movement in U.S. society."

He added: "In that society there are many people in favor of totally lifting the blockade. Others are in favor of lifting it partially, and there is also the extreme right that wants a tightening of the blockade."

This debate, he noted, is beginning to develop at the legislative level and although "it does not yet have the force it has in the big media, it is encouraging, just, and honest that in the U.S. Congress people like Rangel and others are beginning to express a point of view different from the traditional stand."

The minister was referring to Representative Charles Rangel, of New York, who this week introduced two drafts, one that demands the complete lifting of the blockade and another urging that the trade of medicine and food to Cuba be allowed. At the same time, influential U.S. media sources are calling for a change of policy toward the island.

Meanwhile, the project of the ultraconservative Senator Jesse Helms, who has called for tightening economic policies against Cuba, is being discussed in Washington's Capitol.

Robaina said: "It would be a mistake if the world were to believe the U.S. Congress has only one point of view."

Regarding Helm's proposal, Robaina said that "what these policies that ignore us or that seek to sink us achieve is to unite the Cubans to face any situation, regardless of how difficult it might be."

That kind of position makes negotiations impossible, the minister noted.

Regarding Cuba's foreing policy, Robaina told PRENSA LATINA that the nation "is not isolated and diplomatic relations with 152 countries makes this evident."

Robaina said that President Fidel Castro's visit to France, following his presence at the summit for social development in Copenhagen, shows that a new horizon is opening up for relations with Europe, although traditional ties with the countries of that continent have always existed.

Paraguayan President Rejects U.S. Blockade

FL1703144695 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 17 Mar 95

[FBIS Translated Text] During a three-day official trip to Hungary, Paraguayan President Juan Carlos Wasmosy expressed his rejection of the U.S. blockade of Cuba. President Wasmosy stated that he has met Castro in several international summits and that their personal relations are excellent. He went on to stress the importance of respecting the peoples' right to self-determination.

NEW YORK TIMES: Blockade Has Outlived Usefulness

FL2003032095 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] The principal NEW YORK TIMES editorial of 19 March comments that the U.S. Government should be congruent with free trade and peaceful transition principles, and change the policy towards Cuba, adapting it to the current reality.

The influential newspaper states that the U.S. economic, trade, and financial blockade against Cuba, which has been enforced for 34 years, has outlived its usefulness. The editorial stresses the need for political courage to implement changes, and points out that the U.S. policy, now free from the Cold War ghost, should reflect current instead of past circumstances.

The NEW YORK TIMES adds that the alleged threat to the United States of a Communist Cuba, since the fall of the Soviet Union and the end of the Cold War, is only alive in the minds of such ideological warriors as Senator Jesse Helms. It goes on to say that Helms' interest in strengthening the blockade is not a smart maneuver, and is inhumane as well.

The newspaper believes that the United States should reflect on the welcome offered to Cuban President Fidel Castro by France, where he was received by president Francois Mitterrand.

Economists Back Establishment of New Peso Exchange Rate

PA1703154095 Havana PRENSA LATINA in Spanish 0134 GMT 17 Mar 95

[FBIS Translated Text] Havana, 16 Mar (PL)—Cuban experts are calling for the establishment of a new

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exchange rate for the peso vis-a-vis the U.S. dollar as a means to strengthen the process of consolidating the nation's financial balance.

At the Fourth Congress of the National Association of Economists, there was support for the idea to seek a realistic economic exchange rate for the Cuban currency, which should neither be a rate of one U.S. dollar to 40 pesos, as found in the so-called "black market," nor the idealistic current 1-1 exchange rate, according to reports from AGENCIA DE INFORMACION NACIONAL.

The exchange rate is nothing but the price of a currency defined in terms of another currency. It allows a country to determine how much it will cost to buy a foreign monetary unit.

This statement is similar to one made by Jose Luis Rodriguez, minister of finance and prices, who recently said that in the near- term it will be imperative to adjust the parity of the peso with other currencies.

Minrex: Human Rights Commission 'Controlled' by U.S.

FL1703163195 Havana Radio Progreso Network in Spanish 1200 GMT 17 Mar 95

[From the "First Thing" program]

[FBIS Translated Text] On 19 March, Cuban Foreign Minister Roberto Robaina will travel to Canada in response to an invitation from the Canadian Foreign Minister. Robaina's official visit is aimed at strengthening relations between Cuba and Canada. This announcement was made during the weekly press conference held by the Ministry of Foreign Relations' [Minrex] spokesperson.

It was also announced that Esteban Lazo, provincial first secretary of the Communist Party of Cuba in Havana City, will preside over the Cuban delegation to attend the ceremony marking the 5th anniversary of Namibia's independence.

Rafael Dausa, who is currently acting Minrex spokesman, read the following statement from the Minrex:

[Begin Dausa recording] During the past few days, the Israeli government has increased its aggressions against Lebanon through a multitude of arrests in occupied Lebanese territory; a blockade of over a month of the fishing rights of people living in the coastal area obligating them to fish no further out than one mile; and repeated violations of Lebanese air space. This does not contribute to reaching a fair and lasting peace in the region. Cuba wants to express its solidarity with the Lebanese people and government and with their struggle to recover the territory that was seized, as well as making a call to Israel to comply with the U.N. Security Council's resolutions, especially resolution 425 dated 4 March 1978, which requires that the territorial integrity, sovereignty, and political independence of Lebanon be respected. We exhort Israel to withdraw their troops from Lebanon. [end recording]

During the weekly press conference, Dausa broached Cuban policy with regard to human rights:

[Begin Dausa recording] I think that Cuba's policy has always been to cooperate with the mechanisms from the United Nations and others—outside the United Nations—which serve the human rights cause. Once more, we ratify that we do not or will not cooperate with institutions or organizations which are manipulated, controlled, paid for, directed, or imposed by the United States. We reiterate, we will not cooperate with the rapporteur imposed by the United States on the commission. However, our policy has always been one of cooperation with the mechanisms, both within and outside of the United Nations, as you know, recently (Ana Laso) visited Cuba. In the past, Cuba has been visited by the Human Rights Commission and almost on a monthly basis we are visited by [word indistinct] and representatives of organizations involved—directly or indirectly—with human rights. Our policy has always been to cooperate and to show what we have because as it was said recently; we have nothing to be ashamed of, but quite a lot to be proud of in the issue of human rights. [end recording]

Dausa also expressed the Minrex's condolences for the death on 15 March in an accident of Argentine President Carlos Menem's son.

Delegation Concludes Guantanamo Perimeters Tour

FL1803132695 Havana Radio Rebelde Network in Spanish 0100 GMT 18 Mar 95

[Report by correspondent Jose Mejia; from the "NTV" newscast]

[FBIS Translated Text] The delegation representing 11 organizations belonging to the state's central administration concluded its tour of the first and second perimeters surrounding the Guantanamo Naval Base just minutes ago. The delegation included: Division General Ulises Rosales del Toro, Comrade Maria de los Angeles Garcia, and Comrade Sixto Batista Santana, among other high-ranking leaders and officers. I recorded these statements by Gen. Ulises Rosales del Toro, chief of general staff, just minutes ago:

[Begin Rosales recording] We saw everything that has been done to maintain the spirit of combat readiness in these communities. We also saw efforts in the areas prioritized by the Revolution, above all those related to the people's nutrition and to solving problems affecting the public. We might add that we feel satisfied with what has been accomplished, but there is still much to be done. There are deficiencies and insufficiencies. Our visit includes a series of recommendations involving central, provincial, and municipal organizations and, above all, the communities, in general. [end recording]

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Chinese Business Delegation Arrives 15 Mar

FL1603222895 Havana Tele Rebelde Network in Spanish 1730 GMT 16 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] The Chinese delegation visiting Cuba held a meeting at Havana City's Hotel Nacional on 16 March. Zheng Hongye, president of the Chinese Council for the Promotion of International Trade, leads the 23-member Chinese business delegation. Zheng briefed participants on Chinese economic and business potential. Several delegation members later discussed their enterprises and interests. Raul Amado Blanco, vice president of the National Bank of Cuba, discussed Cuba's banking system. The Chinese delegation arrived in Havana City on 15 March as part of a Latin American tour that includes stops in Argentina and Brazil. The Chinese businessmen want to explore new possibilities and increase bilateral trade with Cuba. The delegation is scheduled to leave on 18 March.

Discusses Joint Ventures

PA1903170195 Havana PRENSA LATINA in Spanish 1918 GMT 16 Mar 95

[FBIS Translated Text] Havana, 16 Mar (PL)—A PRC delegation led by Zheng Hongye, president of the Chinese Council for the Promotion of International Trade, today opened negotiations with a Cuban delegation on strengthening bilateral trade.

Zheng, who is also president of the Chinese International Trade Commission, is accompanied by a about 20 Chinese businessmen. The Cuban delegation is led by Marta Camacho, the secretary general of the Cuban Chamber of Commerce.

During the first round of negotiations, the PRC delegation gave an overview of the nation's economic development and prospects for favorable relations between the two sides.

In a statement to PRENSA LATINA, Pedro Alvarez Borrego, Cuba's deputy foreign trade minister, stressed that the PRC offers a huge potential market and is one of Cuba's main trading partners, with which ties since Chinese President Jiang Zemin visited Cuba in 1993. [sentence as received]

Alvarez Borrego said bilateral trade is increasing, topping $250 million last year. Cuban exports to the PRC include sugar, citrus fruits, and biotechnology products, while imports include medicines, raw materials for pharmaceuticals, and spares parts for the sugar industry.

Alvarez Borrego added that at a recent meeting of the bilateral commission, a trade agreement was signed. The agreement, which will remain in effect until 1996, provides general guidelines for trade relations, as well as the possibility of creating joint ventures in China, where one such company already exists, and in Cuba.

Alvarez Borrego said talks are currently under way to establish these kinds of companies in the medical equipment and biotechnology industries and to set them up in different provinces in the two countries.

Marta Camacho, secretary general of the Cuban Chamber of Commerce, underscored the friendly ties and economic cooperation between the two countries, as well as efforts to strengthen bilateral ties.

Zheng Hongye offered praised high praise for these negotiations, recalling not only the dozens of trade ventures between the two nations, but also the achievements they have demonstrated and the real potential that exists.

The delegation, which includes 23 businessmen, arrived in Havana yesterday. The visit includes scheduled meetings with ministers and high-ranking Cuban Government officials, as well as visits to places of economic and social interest.

Holds 'Very Successful' Trade Meetings

FL1803160895 Havana Radio Reloj Network in Spanish 1502 GMT 18 Mar 95

[FBIS Translated Text] Zheng Hongye, president of the Chinese Council for the Promotion of International Trade, said in Havana City on 17 March that the fundamental result of the Chinese delegation's visit to Cuba is the promotion of technological cooperation and trade between Cuba and the PRC. The delegation is made up of more than 20 executives from one of the PRC's most powerful corporations. The Chinese delegation will travel to Brazil and Argentina on 18 March. Zheng told a news conference that Cuban and Chinese officials held over 70 very successful meetings. These meetings made it possible to study methods to increase trade. It was noted during the meetings that Cuban-Chinese trade could increase in the automobile, construction equipment, tool, metal, chemical product, food, and shoe sectors.

PRC Official Calls Mission 'a Success'

PA1903171795 Havana PRENSA LATINA in Spanish 0151 GMT 18 Mar 95

[FBIS Translated Text] Havana, 17 Mar (PL)—A visit by PRC businessmen to Cuba ended today with the signing of agreements to purchase merchant ships, import shoes, and establish a large number of contacts between Chinese and Cuban businessmen.

Zheng Hongye, president of the Chinese Council for the Promotion of International Trade, called the trade mission a success. The mission, led by Zheng, comprised 23 Chinese businessmen.

Among the most important results of the Chinese trade effort is an agreement allowing Cuba to purchase 27,000-tonne merchant ships to transport containers, rice, and other products.

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Likewise, an agreement to import shoes was signed by Cuba. The initial purchase is for more that $27,000 in shoes, an amount which can be increased later.

The Chinese trade delegation held more than 70 meetings with Cuban businessmen in two days, during which time the strengthening of ties to increase trade and bilateral cooperation was initiated.

While the businessmen were meeting, Zheng Hongye, leader of the delegation and president of the Chinese International Trade Commission, met with the ministers of foreign trade, agriculture, sugar industry, light industry, Foreign investment and economic cooperation.

Zheng also met with Vice President Carlos Lage during the delegation's visit, which began on Wednesday.

In statements to PRENSA LATINA, Luo Liecheng, economic and trade attache of the PRC Embassy in Cuba, said this year the instrument currently being used to liquidate trade payments through the banks would be replaced by direct payments, a measure which will favor a trade increase.

Luo Liecheng said this mechanism is more modern and will draw more businessmen to this region of the continent and encourage the creation of joint ventures to distribute goods in the two countries and to export to third nations.

The trade delegation will continue its tour of Latin America tomorrow with planned stops in Argentina and Brazil.

Signs Agreements, Ends Visit

PA1903042195 Havana Radio Havana Cuba in Spanish 0000 GMT 19 Mar 95

[FBIS Translated Text] A group of Chinese businessmen who visited Cuba for three days returned to their country after signing important cooperation agreements in the transportation, chemical, food, and construction industries. According to the agreements, China will sell Cuba 27,000-ton freighters to ship containers and various kinds of shoes.

The delegation of 23 Chinese businessmen led by Zheng Hongye, president of the Chinese Foreign Trade Development Council, held more than 70 meetings with their Cuban counterparts to expand bilateral trade, find new means of cooperation, and study new areas for joint investment.

Cuba currently exports rice, citrus, and biotechnological products to China and imports medicines, raw material for medicines, and spare parts for the sugar industry.

Last year bilateral trade between the two countries exceeded $250 million.

Officials Reaffirm Willingness To Promote Ties With Russia

PA2003043395 Havana PRENSA LATINA in Spanish 1934 GMT 17 Mar 95

[FBIS Translated Text] Moscow, 17 Mar (PL)—Oleg Lobov, the secretary of the Russian Security Council, and Rogelio Montenegro, Cuban ambassador in this city, today reaffirmed the willingness of their two nations to promote economic and commercial relations.

A Cuban diplomatic source said that the two officials stated their governments' interest in reestablishing bilateral relations from a mutually beneficial perspective and based on partnership conditions with equal rights.

Lobov reaffirmed Russian President Boris Yeltsin and the Russian Government's general movement toward the further development of cooperation between the two nations.

He recognized that there are specific difficulties on the Russian side due to the current situation of the economy here.

The two sides highlighted Moscow's vote against the U.S. blockade at the 49th UN General Assembly, which is seen as an important contributor to international public opinion surrounding the call for an end to Washington's attempts to isolate the island.

The two nations also examined the possibility of establishing joint ventures and greater Russian participation in the tourist industry of the largest of the Caribbean islands.

More on Relations

FL1803032095 Havana Radio Rebelde Network in Spanish 0000 GMT 18 Mar 95

[From the "Exclusive" program]

[FBIS Translated Text] (Oleg Lovov), secretary of the Russian Security Council, and Rogelio Montenegro, Cuban ambassador to Moscow, have reiterated the intentions of Russia and Cuba to boost economic and trade relations. Both officials stressed their governments' interest in reestablishing bilateral relations based on mutually beneficial prospects, as partners with equal rights.

Montenegro and (Lovov) also highlighted Russia's vote opposing the U.S. blockade against Cuba during the 49th UN session, indicating significant support for the efforts of international public opinion calling for the end of U.S. efforts to isolate Cuba.

Provincial Assembly Discusses Sugarcane, Food Program

FL2003031795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] The sugarcane harvest and the agricultural food program have been the main topics discussed by the 5th regular session of the Provincial Assembly of the People's Government in Holguin.

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Mills displayed the biggest problems due to their low industrial efficiency. Participants therefore discussed the urgent need to stabilize the daily amount of milling, to increase the yield, and to end delays in the sugarcane production plan.

Sugarcane recovery was satisfactory, with growth potential and the goal to produce over (number indistinct) arrobas during the next harvest. The agricultural food program, carried on by Mambis' advanced agriculture divisions and independent fronts in various municipalities, showed positive results as indicated by the transformations of these agricultural areas and the first high-yield harvests. However, lands granted to organizations to achieve self sufficiency were not used with the same efficiency. They were therefore asked to increase efforts, to fulfill their goals, and to contribute to the people's food supply.

Participants in the Provincial Assembly of the People's Government also discussed the jobs to be performed to increase milk production, consolidate aquaculture, and build more houses with alternative materials.

Half of Villa Clara Sugarcane Mills Hampered by Rains

FL1703163395 Havana Radio Reloj Network in Spanish 1510 GMT 17 Mar 95

[FBIS Translated Text] Rain and the resulting waterlogged fields are affecting more than 50 percent of the active sugar mills in Villa Clara Province, resulting in a drop in grinding of more than 40 percent. According to the report by the Sugar Ministry office in the province, the Quintin Banderas, Emilio Cordoba, Antonio Pinalet, El Vaquerito, and Jose Maria Perez mills are out of sugarcane which would have come from fields in the northern region.

These mills primarily process mechanically-cut sugarcane, and under the current conditions, it is difficult to restart sending cane back to the mills. According to sugar industry technicians and officials in Villa Clara, the rain is good for the new shoots and helps with planting but hampers the fulfillment of the production plan which has been behind schedule from the beginning due to a shortage of resources.

Restaurant for Peso Customers Opens

FL1703210995 Havana Radio Rebelde Network in Spanish 1800 GMT 17 Mar 95

[From the "National Radio News"]

[FBIS Translated Text] The cafeteria-restaurant-bar, La Luz, located in Obispo Street between San Ignacio and Mercaderes Streets, began serving the public on 16 March with the support of the Habaguanex Corporation. This new outlet is part of a chain of cafeterias that will be established in forthcoming months in the heart of old Havana. The people had this to say:

[Begin recording] [unidentified speaker] La Luz is going to be great for the people of this municipality and visitors. [end recording]

Its young restaurant workers have a great challenge before them, to maintain excellency at La Luz, which was restored in only 20 days, according to Maitre d' Julio Marrero.

[Begin Marrero recording] One of the guidelines issued by the local government was to open the first of the units. There are going to be others. There are plans to open five or six more units, providing service in pesos. This unit will serve as a restaurant from 1200 to 2100, and as a snack bar 24 hours a day. The snack bar will serve drinks such as Mojito, Cubanito, Pina Colada, and Rumcoli, as well as sodas, juices, and dishes like fish cocktail, chicken soup, pork rind, French fries, and coffee. [end recording]

Pedro Juan Rodriguez, chief of advertising for Havaguanex, stated that the revenues from La Luz will also contribute to restoring the historic district.

Largest Chain Store Showed Substantial Profit in 1994

FL2003031395 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 20 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Caracol chain president Rafael Alvarez has given a press conference, during which he advised that the chain has accrued $63 million in earnings in 1994, $21 million of which was net profit. This profit in foreign currency is part of the total sum that Cuba spends annually to buy food and other essential products for the people.

Caracol chain, which currently owns 171 stores nationwide, donated over $260,000 in 1994 in medicine and other goods, such as shoes, to the [name indistinct] association, and the Boyeros psychiatric hospital. Caracol, the largest chain store in Cuba, expects to accrue $75 million in foreign currency in 1995, thereby increasing earnings by 18 percent.

New President Elected to Cuban Council of Churches

FL2003011895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 19 Mar 95

[From the "NTV" newscast]

[FBIS Translated Text] Rev. (Pablo Den Marechal) was elected new leader of the Cuban Council of Churches, the current name of the Cuban Ecumenical Council, on 18 March. Rev. (Marechal) will hold the president's position for two years.

The Cuban Council of Churches executive committee was totally renewed during the Council's 37th general assembly. Delegates from 20 Christian churches in Cuba

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participated in the assembly and elected Rev. Rafael Cepeda, who is a retired pastor and distinguished historian and researcher of Marti's work, as honorary president. The assembly commended the work of the social project department, which has accomplished significant tasks such as biogas plants and construction support for low-cost housing, due to its links to the Cuban state and to foreign nongovernmental organizations.

The assembly held sessions for several days. The newly elected executive committee can be renewed or ratified in 1997.

Haiti

Aristide Reviews Issues Discussed at MINUHA Meeting

PA1703185595 Port-au-Prince Tropic FM in Creole 1300 GMT 16 Mar 95

[Report by Gene Mecene]

[FBIS Translated Excerpt] [passage omitted] Haitian President Jean-Bertrand Aristide and Lakhdar Brahimi, special representative of the UN secretary general, signed an agreement on the status of the UN Mission in Haiti [MINUHA] in the presence of Mr. (Dobb), the ambassador representing Bill Clinton, and several other personalities from the multinational force, the U.S. Embassy, and members of the Provisional Electoral Council who were present. [passage omitted]

In President Aristide's opinion, the signing of such an agreement is a demonstration of dialogue and unity, which is necessary for the achievement of good work in Haiti and elsewhere in the world. It was also announced that big preparations are under way for the visit in two weeks of U.S. President Bill Clinton and Butrus Butrus-Ghali in Haiti.

[Begin Aristide recording] The work we did this morning in the splendid meeting will end with this very big celebration. It is with this same spirit that the multinational forces and the UN forces have given me reports on how the transfer of power will take place. [end recording]

During this meeting, several other issues such as the insecurity phenomenon, the holding of elections, judicial reforms, and the question of the high cost of living were discussed. Insecurity appeared as one of the issues linked to all the country's major problems. The head of state said that the problem can be solved through the good work of the justice department and the police and issued a warning against those sowing insecurity. He announced that many measures to reduce the rate of insecurity had been discussed at the meeting with the multinational force, but he did not provide details.

[Begin Aristide recording] What measures have been taken to prevent zenglendos from continuing to promote insecurity in the country? This is what we discussed. The problem has two sides, just like a coin has two sides. The first side is that we must have a justice system working with the police so that we can act within the framework of the law. [end recording]

Another issue tackled was the question of justice and the official confirmation of the government's request to the U.S. officials to extradite Emmanuel Constant and Louis Jodel Chamblain so they can appear before the court. [passage omitted]

MICIVIH Leader Discusses Efforts To Monitor Human Rights

PA1603220595 Port-au-Prince Signal FM Radio in French 1130 GMT 16 Mar 95

[FBIS Translated Text] Because it was not possible a few minutes ago to hear him, I now ask you to listen to the leader of the International Civilian Mission [MICIVIH], Collin Granderson, who says he is less and less concerned with the human rights situation in Haiti thanks to the deployment of the multinational force in the country. In his statement to Kenol Dorvil, Mr. Granderson outlines MICIVIH's duties, which consist of arbitrating and protecting every Haitian's rights:

[Begin recording] [Granderson] MICIVIH is as active as before, but you must not forget that there are many more players on the field today. For instance, there are international police monitors, the multinational force, already MINUHA's [UN Mission in Haiti] civilian police, and, obviously, as of 31 March, there will be MINUHA. Therefore, these actors are in place.

Previously when there were problems, before the arrival of the multinational force, the people called on the Civilian Mission immediately. Given that there are more players now, however, the people come to us less frequently. Also, you must not forget that this is a human rights mission. We are not here to monitor crime. Obviously, this is something we look at, but we are here to (?monitor) abuses or human rights violations.

[Dorvil] What now is MICIVIH's main concern?

[Granderson] In MICIVIH, our priority has always been to monitor the human rights situation, and, along with the expanded mandate given to us, to observe the elections. Therefore, there are two distinct differences with respect to MINUHA. [end recording]

Interim Force Spokesman on Problems With Police Equipment

PA1803023995 Port-au-Prince Signal FM Radio in French 1130 GMT 17 Mar 95

[Report on interview with Haitian Lieutenant Marc Gregoire Thelusma, spokesman for the interim force, by Kenol Dorvil; place, date not given—recorded]

[FBIS Translated Text] The Haitian people are fed up. Nineteen people have been killed in Port-au-Prince in less than one week, from 12-17 March.

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The spokesman for the interim force, Lieutenant Marc Gregoire Thelusma, has said the unit he leads does not have the means to carry out night patrols, the only action that can reduce acts of banditry, which often result in murders. Lt. Thelusma, responding to Kenol Dorvil's questions, stressed that the interim force is going out of its way to concentrate its efforts in dimming this phenomenon, which is preoccupying the people's attention at this time:

[Begin recording, in Creole] [Thelusma] The interim police force is aware of the problem, because we have made a report on activities in February—the assessment for which does not please us at all. Therefore, the interim police force will mobilize all its resources beginning today, but you must know that we have problems of strength, material problems, because we do not have.... [pauses] a police station such as Cafeteria.

It is scandalous, but I am, nevertheless, obliged, to say it. We have a strength of 182 people, and how many weapons do we have for these 182 people? Only three guns for 182 people. Cafeteria, the Port-au-Prince police station, which is in charge of the commercial area, the areas of Cite Soleil, lower Delmas, and so on, is comprised by 182 people and has only three guns. When the patrols go out at night or in the morning, the people they have to encounter sometimes tote heavy weapons, assault rifles. One must be equipped in order to confront assault rifles. So, we have this problem. We have problems with police equipment, which is lacking, many small problems.

[Dorvil] What assurances can you give the Haitian people?

[Thelusma] The people can be patient, as I already said this morning, given the new measures we have taken. We are working for them. We must satisfy the people. We will take every possible means beginning tonight, because there are.... [changes thought] We have mobilized all our forces in the metropolitan area in order to see how we can end the problem of insecurity. We cannot allow it to grow as it is doing, because the people are there, paying us so we can perform police duties. We obviously have problems in carrying out police duties, but we will try to do what is possible with the means available. [end recording]

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Zedillo Prefers Moderate Recession to Long-Term Stagnation

PA1703132495 Mexico City XEW Television Network in Spanish 0430 GMT 17 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Speaking in Veracruz, President Ernesto Zedillo has said the current economic situation is demanding great efforts from all of us—intense efforts. It demands substantial and face-to-face efforts to combat the crisis. He pointed out that the Mexican people will not sit back with their arms folded during the crisis or allow their personal energy to be consumed by lamentations and recriminations:

[Begin Zedillo recording] There always will be critical voices and critical opinions, and often these enrich public debate when there is complete freedom, but in view of the crisis facing our nation, those voices are even more welcomed if their criticism is accompanied by realistic and feasible proposals that will ensure even better results. [end recording]

As he opened the 20th National Congress of the National Chamber of the Construction Industry [Camara Nacional de la Industria de la Constuccion], President Zedillo noted:

[Begin Zedillo recording] It is preferrable to have a moderate and temporary recession than to resign ourselves to prolonged ecomomic stagnation, which is more pernicious to society, especially to those who have less. [end recording]

President Zedillo told the construction businessmen that unity, work, and trust in ourselves will help us overcome the crisis and achieve growth. In his message, the president said the federal government is being forced to make heavy cuts in public spending, but despite this, overall public investment for 1995 will have the same investment-GDP ratio as experienced in 1993—about 3.6 percent.

Commenting on the adjustment program, Zedillo said the federal government will protect investments in priority programs and projects that deal with social development, environmental protection, rural development, and the preservation and maintenance of the nation's infrastructure.

Meanwhile, Fernando Acosta Martinez was sworn in as president of the National Chamber of the Construction Industry during the ceremony attended by Veracruz Governor Patricio Chirinos. He briefed the president on the harsh economic realities facing the nation's more than 16,000 builders. Acosta said 95 percent of the nation's builders have debts in arrears, and therefore, they need help in overcoming their problems:

[Begin Acosta recording] We hope to participate in the few or numerous projects outlined in assistance programs—programs such as Pronasol [National Solidarity Program]. We want to carry them out directly in a more organized and efficient manner, as well as at a lower cost. This perhaps implies ending the duplication of work. [end recording]

This construction industry congress, whose theme is construction for progress and social development, is being attended by more than 1,000 domestic builders and representatives from the United States, Canada, Chile, and Brazil. The Mexican builders also inaugurated Expo-Construction.

Foreign Secretary Says Financial Crisis Will Be Overcome

PA1703020495 Mexico City NOTIMEX in Spanish 2252 GMT 16 Mar 95

[FBIS Translated Text] London, 16 Mar (NOTIMEX)—Mexican Foreign Secretary Jose Angel Gurria said today in London that Mexico's adjustment program is beginning to stabilize the economy and that Mexico has the money to shore up the program and overcome the financial crisis.

"The market is going to take a close look at this program and, if it appears positive, confidence will gradually increase and Mexico will be able to proceed with other issues," Gurria said during a conference for businessmen at the British Industrial Confederation [Confederacion Britanica de la Industria].

The foreign secretary said that the strict economic adjustment program announced last week by the Mexican Government has two purposes: one is to "sharply pull up" inflation, and the other is to eliminate the current account deficit, "which caused the problem."

Gurria explained that the program the government announced in January to overcome the crisis caused by the devaluation was not successful because at the time the country lacked the resources to make it work. The international package of $52 billion in financial assistance, which guarantees that the country is able to pay short-term debts, has given Mexico the funds to make the new program work, Gurria added.

The financial markets are assessing the new economic program's likelihood of success. The program contemplates a negative growth of 2 percent in 1995 and a current account deficit of $2.5 billion.

The Mexican peso fell again today by 17 centavos on 24 and 48 hour contracts and up to 7.07 units per dollar, far below the parity of six per dollar, which, according to Gurria, is assumed by the stabilization program.

Part of investors' concerns about the new program is the lack of an agreement with the country's various economic agents on the guidelines of the economic agreement pact, which has been in effect since 1987.

Gurria said that the fact that the government created this economic program without using the mechanisms of the

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concerted effort pact "does not imply the death of the pact's consensus-creating mechanisms."

The foreign secretary said that in view of the urgent need for action, "the Mexican Government had to do what it had to do" to create a credible economic program.

Gurria mentioned preliminary figures which indicate that in February, Mexico had a trade surplus of $452 million, its first surplus in the past four years.

He said that the month's current account must have been balanced, which, he said, is immediate proof of the program's success. "The effects are being felt very quickly," he said.

The economic adjustment plan "must substantially decrease or totally eliminate the current account deficit," he said.

As for inflation, Gurria, a former Mexican foreign debt negotiator, predicted that by the end of the year the annual interest rate will be approximately 20 percent and will continue to decrease until it reaches single digits in 1996.

The foreign secretary underscored that the only goal of the new economic plan is economic stabilization within the short term.

Gurria pointed out that with the disappearance of the current account deficit in 1995, the need for capital from abroad will be "very modest."

Nevertheless, he said that in the longer term the country will once again require foreign financing to grow, and he emphasized that the gradual recovery of investor confidence will once again give Mexico access to markets.

Critics of the Mexican economic model have said that excessive dependence on volatile capital from abroad was one of the main causes of the peso's devaluation and of the subsequent loss of confidence in the country.

The foreign secretary pointed out that the only mistake the Mexican Government made was that it did not devaluate the peso in time. The market, he said "imposed discipline."

At a previous meeting of businessmen, diplomats, and academicians at the Royal Institute of International Affairs, Gurria said that there is a considerable amount of "deliberate misinformation" in reports on bombings and abuses attributed to the Mexican Army during the Chiapas conflict.

The foreign secretary said that the new law and the government's recent efforts to resolve the Chiapas case have established the foundations for negotiated peace.

Commerce Secretary Vows To Continue 'Neoliberal' Model

PA1703132695 Mexico City XEW Television Network in Spanish 0430 GMT 17 Mar 95

[From the "24 Hours" newscast]

[FBIS Translated Excerpt] Representatives of Mexico, the United States, and Canada, the countries comprising NAFTA, met today in Mexico City.

Speaking to businessmen from the United States, Canada, and Mexico, Herminio Blanco, secretary of commerce and industrial development, said Mexico will not change its economic model. He stated that the current neoliberal model has worked out.

[Begin Blanco recording] We are determined to continue with the model we have followed in the past few years. [end recording]

During the annual meeting of the American Chamber of Commerce, Secretary Branco explained that Mexico will continue with the current model of an open economy, but stated that Mexico seeks reciprocity from its commercial partners.

Regarding the Value Added Tax (VAT) increase, he reiterated that the government is committed to exclude processed foods and medicine.

Secretary Blanco remarked that in the last quarter of this year, Mexico will have an inflation rate estimated at 1.5 percent monthly. He stated that in 1996, Mexico will grow again on stronger and more competitive foundations. He said the government of President Zedillo will work intensely so that the exchange rate stabilizes and becomes real and competitive. [passage omitted on statements by U.S. ambassador to Mexico]

David Winfield, Canadian ambasador to Mexico, said that his government trusts Mexico will overcome the current economic crisis in the short term.

[Begin Winfield recording] For the Government of Canada, this situation will not affect our bilateral relations or NAFTA, because NAFTA governs commercial exchanges between the three countries and reinforces cooperation between them. [end recording]

Nevertheless, Ambassador Winfield warned it is necessary to restore the confidence of investors. He indicated that some Canadian investments in Mexico have been paralyzed.

[Begin Winfield recording] Logically, investors will wait a while until more stable conditions, in economic terms, emerge in the country. [end recording]

During this meeting, (Ollie Ackel) was sworn in as new president of the American Chamber for this year, replacing Charles Griffin.

Commerce Minister Says Emergency Program Working 'Very Well'

PA1703151295 Mexico City NOTIMEX in Spanish 0033 GMT 17 Mar 95

[FBIS Translated Text] Mexico City, 16 Mar (NOTIMEX)—Herminio Blanco, Mexican commerce and industrial development secretary, today said the

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economic emergency program announced last week by the Mexican Government is working very well, and he noted there has been an increase in exports.

At the conclusion of a meeting held by a commission reviewing the economic pact, Blanco said the increase in exports reflects the country's ability to overcome the crisis.

The February increase in non-manufacturing and agriculture-livestock exports "shows a trade balance trend that is very surprising," Blanco stated.

He added, "In February, we had a surplus of $452 million, which by far is the best trade balance recorded since April 1988." The secretary noted that non-maquiladora manufacturing exports increased 34 percent in February over the same period a year earlier, while foreign agriculture-livestock sales increased 62 percent.

According to Blanco, in order to secure economic improvement, exchange rates must stabilize to reduce interest rates and curb inflation in the last six months of the year. Regarding the economic program announced last Thursday, Blanco said its specific results will begin to be seen in the second half of the year. On 9 March, the Mexican Government announced an economic emergency program that established increases in tariffs and taxes, reduced government spending, and forecast an inflation rate of 42 percent.

Agriculture Secretary Francisco Labastida Ochoa, for his part, said, "Our trade balance in February was very positive and shows a surplus, because last year we had a deficit of more than $29 billion."

According to Blanco, the economic picture is not too encouraging and is cause for concern. Nevertheless, he voiced confidence that the negative effects on the financial sector will be short-lived.

At the commission's weekly meeting, a report also was submitted by a subpanel charged with reviewing prices. According to the subpanel's report, February's price increases were higher than those recorded in the same period a year earlier. This document also showed that the national consumer price index registered a 4.2 percent increase—6.7 percent higher than in February 1994.

In terms of the fluctuation in the price index of the basic basket, it registered 4.3 percent increase in February, up 6.5 percent from the same month in 1994. All eight product categories considered for the national consumer price index showed increases higher than those registered the previous year. The largest increases were recorded in furniture, housewares, and home appliances.

Banxico Announces Publication Schedule for Economic Figures

PA1603224695 Mexico City REFORMA in Spanish 14 Mar 95 p 20A

[FBIS Translated Text] To facilitate follow-up on monetary policy, the Bank of Mexico [Banxico] will disseminate the following information in the second half of March:

Within the first working days of each week, the most important initial figures of Banxico's balance sheet will be published in the DIARIO OFICIAL DE LA FEDERACION.

The consolidated balance sheet will be published monthly in newspapers with national circulation.

The monthly bulletin on the monetary base, international reserves, and net domestic credit will include information on government instruments in circulation and on operations of Fobaproa [Savings Protection Banking Fund]. It will be published on the first working day following the last day of each month.

It will ensure that initial data on other monetary statistics, which were previously published on a monthly basis, are published by the middle of the month following the month to which the figures refer.

Finally, the central bank said an effort will be made to shorten the frequency of publication of the series contained in INDICADORES ECONOMICOS.

Banxico Establishes New Legal Deposit Regulations for Banks

PA1703143595 Mexico City REFORMA in Spanish 15 Mar 95 p 7

[Report by Georgina Howard and Gerardo Flores]

[FBIS Translated Text] Bank of Mexico [Banxico] sources have confirmed that new legal deposit regulations will go into effect on Friday [17 March] to enable Banxico to more efficiently control the banking system's liquidity. This will encourage banks to seek long-term deposits and cleanse their credit portfolios. Sources said this scheme also limits the banks' ability to overdraft from Banxico.

Meanwhile, private bank executives also said the futures foreign currency market will officially open in banks and on the Mexican Securities Exchange in April and that this will help banks protect themselves against exchange fluctuations.

The officials added that the new legal deposit regulations will make it possible for Banxico to better manage the economy's liquidity and the availability of foreign funds to finance the desired amortizations of tesobonos [treasury bonds] and bank certificates of deposit. The officials said the so-called zero legal deposit, which goes into effect the day after tomorrow, stipulates that the banks'

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daily debit balances with the central bank must be repaid every two weeks to become, at a later date, debit balances that do not exceed the previously incurred debt.

The document outlining the new legal deposit regulations, a copy of which has already been issued to all banks and is being discussed by Banxico officials with bank treasurers, says the new mechanism will make it possible for Banxico to regulate liquidity more efficiently. In addition, the document says banks will have to cleanse their Banxico obligations gradually. If there is an overdraft, a bank will have 30 days to cover it.

Those banks failing to meet these new regulations on legal deposits will have to repay four times the current treasury certificates rate. A guarantee or fixed legal deposit, which could be around 5 percent, will be required from banks that have previously failed to meet the guidelines. The sources said this legal deposit scheme will encourage private banks to seek long-term deposits and to cleanse their credit portfolios to avoid overdrawing from Banxico.

It was added that the new mechanism seeks to control liquidity in the economy and to preclude issuing additional currency to compensate for commercial bank overdrafts. Banxico sources also said this new measure is part of an austere monetary policy designed to avoid "undesirable overdrafts" that were permitted in the past. The sources also noted that this new form of legal deposit is already applied by central banks of developed countries, adding that it will permit no commercial bank to overdraw, not even for a matter of a couple of hours, in order to prevent liquidity from increasing in line with these overdrafts.

Finally, it has been reported that the capital base will be placed under strict control beginning on Friday to help regulate commercial banks' balances with Banxico.

Central Bank To Pay Tesobonos Holders in Dollars

PA1803000595 Mexico City NOTIMEX in Spanish 2112 GMT 17 Mar 95

[FBIS Translated Text] Mexico City, 17 Mar (NOTIMEX)— Banco de Mexico, the central bank, today reported that it will pay holders of federal treasury bonds (tesobonos) in dollars at the investor's request.

At the request of the Mexican Finance Secretariat, the central bank offered to pay tesobonos in dollars, but investors must give a two-day notice to depository banks (bancos custodios).

Banco de Mexico issued a communique stating that with regard to the next tesobonos maturity date, the depository banks will have to report the amounts they want in dollars no later than 1030 (1630 GMT) on 20 March.

Zedillo Urges PRI Bloc To Back Economic Plan

PA1703174495 Mexico City LA JORNADA in Spanish 16 Mar 95 p 3

[Report by Elena Gallegos, Ricardo Aleman, and Nestor Martinez]

[FBIS Translated Text] President Ernesto Zedillo has told PRI [Institutional Revolutionary Party] deputies, according to party legislators, that he is currently the country's most unpopular man.

Explaining that he is not seeking praise, Zedillo added that he was forced to make the difficult decision to implement an adjustment program at this time, because in the long run this will turn out to be the least costly and most viable means to overcome the economic crisis in Mexico.

Zedillo made these statements at the Vicente Guerrero Room at Los Pinos Residence, where he met with several groups of PRI deputies, a number of whom expressed opposition to an increase in the value-added tax [VAT]. Zedillo said society will understand the new program once the first fruits are harvested, and he again ruled out the possibility of declaring a moratorium on the foreign debt, because that would constitute an even greater setback.

In this regard, he said there is an urgent need to secure funds, adding that as long as domestic savings are not being generated, the country will depend on foreign funds. In turn, he said declaring a moratorium would be tantamount to abandoning Mexican production, and this would lead to plant closures and the loss of millions of jobs.

After explaining why the adjustment program is, in the end, the best option, the president asked the legislators of his party to support the measures.

Many of those in attendance admitted that they were "shaken" by the president's comments, adding that the open opposition to the adjustment program expressed at the beginning of the meetings ended after the lawmakers were convinced to support it.

Positions shifted so much that some members of the labor bloc abstained from making any critical statements against the measures.

Juan Jose Osorio Palacios cautiously summarized their position as follows: "This is not a question of praise or criticism but, rather, a question of analysis, and when we are called to make a decision (today), we will base it on what is best for the country."

Moreover, although there was talk of discontent and the possibility that many PRI deputies would oppose the measures, Saul Gonzalez Herrera, who will preside over the March session of the Chamber of Deputies, said: "The PRI bloc is completely behind these measures. PRI members will vote with a unified position."

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The reporters, however, insisted: Could these measures prompt social upheavals?

[Gonzalez] Under the current conditions, there is no easy path. There are many sharp turns, but what the Congress will approve will be best for the country.

[Reporter] Could this have political repercussions (for the PRI)?

[Gonzalez] I cannot deny this could happen.

[Reporter] Do you think, then, that the measures being adopted are politically suitable?

[Gonzalez] Not only suitable, but they are the only ones.

This ended the questioning.

The PRI members were convinced by the president's words, and, according to them, Zedillo said that, although the measures contained in the adjustment program hurt his reputation and make him unpopular, he is willing to assume the political responsibility to ensure the country returns to the path of stable growth as soon as possible.

Several PRI deputies who requested anonymity said Zedillo explained in detail the background of the current emergency, which is the result of several years of imbalances, and he reaffirmed that the economic situation is much more serious than they imagined, and therefore, the program must be implemented.

They said some of their colleagues—at each meeting, one deputy spoke before the president—suggested the PRI could pay a very high electoral price, because in view of the situation, it alone will have to approve the adjustment package.

The deputies presented a proposal, based on an initiative by Abelardo Carrillo Zavala, to levy a 25 percent tax on the purchase of luxury items "such as luxury homes, cars, and jewelry."

The former Campeche governor was asked: Did Fidel Velazquez urge deputies to vote against the measures?

[Carrillo Zavala] Up until now, in particular, no request has been made for us to vote against it, and he (Velazquez) spoke on his own behalf.

[Reporter] Who will you obey? Will you obey Fidel, the president, the party, or the people?

Carrillo Zavala tried to evade this question. The reporters insisted. When confronted, he would only say: I will obey whoever is appropriate; when we vote, you will see.

Following the meetings at Los Pinos, the possibility that some sectors of the PRI bloc may rebel and vote against the adjustment program is vanishing. As Carillo Zavala said, "We will see."

It has been learned that legislators from the Federal District, Chihuahua, Baja California, Sonora, Guanajuato, Sinaloa, Tabasco, San Luis Potosi, Campeche, and Hidalgo visited the presidential residence. Zedillo received them by state and in groups of 30.

In the various meetings, President Zedillo insisted on the deterioration of his image and his willingness to pay the price to enable the country to advance toward sustained economic growth and stability.

The Initiative Arrived in the Chamber

Amid increased opposition to an increase in the VAT, the Chamber of Deputies yesterday received the president's initiative, recognizing that despite the measures adopted in January and February, "a climate of instability has persisted in financial and exchange markets, and this has had economic repercussions that are far more serious than contemplated at the beginning of the year."

In justifying this new initiative, the executive branch proposed increasing the VAT from 10 to 15 percent and granting 3 percent exemptions for those earning up to four minimum wages. The executive branch admitted this will have "a short-term impact on the economic resources of Mexicans," but it warned that this is the only way to overcome the emergency and lay firm foundations for recovery.

The adjustments set forth in the Program To Overcome the Economic Emergency "also will involve the adoption of measures to increase government revenues. To this end, the prices and rates of the public sector have been increased, and a modification of the VAT system was proposed."

In addition, the text of the document submitted to the Chamber of Deputies explains that the proposed tax measures will result in the strengthening of the finances of states and municipalities, because it will generate additional revenues in the amount of 9.090 billion new pesos. Meanwhile, lawmakers from the PAN [National Action Party], PRD [Party of the Democratic Revolution], and PT [Labor Party] are expected to begin voicing opposition to the package today.

PRI legislators learned that their party intends to present this initiative before the plenum tomorrow, Friday, and approve it "hurriedly." To this end, the meetings between PRI legislators and President Zedillo continued yesterday, while legislative bloc coordinators Humberto Roque Villanueva and Fernando Ortiz Arana, representing the Chamber of Deputies and the Senate, respectively, have also lobbied to prevent discontent among their fellow party members.

Regarding PAN legislators, it was learned they have prepared a "solid" argument against the VAT increase, while PRD deputies will insist on delaying the discussion

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in the plenum "until a forum is held" with the participation of business leaders. This forum also is scheduled for tomorrow, Friday.

In the Senate, the PAN and PRD confirmed they will vote against the economic measures, while PRD senators remain expectant on what its legislative commission decides, particularly regarding the VAT increase.

Senate sources even speculated on the possibility that the 15 percent VAT increase proposal will be finally set at 12.5 percent.

PRD Senator Ernesto Navarro Gonzalez expressed that his party's position against the VAT "does not represent intransigence, but is aimed at avoiding a shock policy that hurt everyone."

PAN Senator Luis H. Alvarez also voiced his opposition to the VAT increase. He said opposition to this measure not only comes from the business sector, but from the majority of the Mexican people.

Chamber of Deputies Approves VAT Increase

PA1903012595 Mexico City NOTIMEX in Spanish 0924 GMT 18 Mar 95

[FBIS Translated Text] Mexico City, 18 Mar (NOTIMEX)—The Mexican Chamber of Deputies Friday night approved, in general, a presidential bill to reform fiscal laws and increase the value-added tax [VAT].

There were 290 votes in favor from the governing Institutional Revolutionary Party [PRI] and 173 votes opposed. The votes opposed were from deputies of the National Action Party [PAN], the Party of the Democratic Revolution [PRD], and the Labor Party, plus one PRI deputy.

The session continues, after 10 hours of debates and 52 speakers, with discussions of the details of Articles 1, 4, and 5 of the bill. Another 20 legislators are expected to speak.

The PRI deputy who voted against the bill, Rojas Diaz Duran, was criticized by his fellow PRI deputies. After Diaz Duran received a national flag from the PRD deputies, who were singing the national anthem, PRI deputies shouted at him to go to the PRD side.

At the end of the voting, which took one hour, the PRI deputies also sang the national anthem. Then, after a bout of shouting and verbal attacks between PRI and PRD deputies, the points of the bill were discussed.

The presidential initiative is aimed at increasing the VAT from 10 to 15 percent in keeping with the government's economic plan to face the economic crisis that emerged in December 1994 following the devaluation of the peso.

Senate Approves VAT Increase Effective 1 April

PA1903014295 Mexico City NOTIMEX in Spanish 0103 GMT 19 Mar 95

[FBIS Translated Text] Mexico City, 18 Mar (NOTIMEX)—The Mexican Senate today approved the bill to increase the value-added tax [VAT] from 10 to 15 percent as of 1 April. The bill was approved with 87 votes in favor and 20 against. The VAT increase is part of the economic emergency program announced by the Mexican Government on 9 March. This program also includes tariff increases and a reduction in public expenditures. Yesterday the Chamber of Deputies approved the bill, which was a presidential initiative.

Pemex Announces Decentralization Process for 61 Plants

PA1903134795 Mexico City NOTIMEX in Spanish 2203 GMT 18 Mar 95

[FBIS Translated Text] Mexico City, 18 Mar (NOTIMEX)—Mexican Petroleum [Pemex] Director Adrian Lajous Vargas today announced the restructuring of the oil sector and a decentralization [desincorporacion] process that involves 61 petrochemical plants. This process will be initiated in the near future and will conclude in 1996.

Lajous explained that the restructuring will permit increasing the energy sector's efficiency, improve productivity, perfect the operations in Pemex's industrial installations and support systems, and strengthen research and development.

At a ceremony marking the 57th anniversary of Mexico's oil expropriation, the official said the government and Pemex remain commited to guaranteeing and safeguarding the rights of the oil sector's workers. The ceremony was headed by Mexican President Ernesto Zedillo and was held in the main esplanade of the enterprise's corporate headquarters in this capital.

Through the newly announced measures, Pemex will be able to more efficiently comply with its strategic functions and will reduce its direct intervention in various operations. The official noted: "The corporate center must not squander its energy or resources on operational activities."

According to the director, the modernization of the Mexican oil industry will be based on the following initiatives: strengthening Pemex's administrative bodies, renewing its structures, improving its efficiency, and revitalizing the organization's functions and work.

It is necessary to redefine the economic scope and limitations of Pemex to concentrate efforts on those basic strategic activities the law has established for this enterprise, Lajous said. He noted: We have to assess market trends and the degree of liberalization in an

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effort to introduce new rules that promote competitiveness. Lajous said it is necessary to establish new regulations to replace obsolete ones, impose standards where needed, and offer fair treatment.

He said: "State control over the industry will be strengthened by creating a more efficient Pemex administration and by introducing a modern regulatory framework." Greater competitiveness will be engendered through the redefinition of the enterprise's mission, a reduction of its framework of vertical management, and the gradual and sustained liberalization of markets.

The director said: The administrators have to turn Pemex into a model of efficiency and technological innovation with the help of technicians, workers, clients, and suppliers, and this joint effort will help us better serve the consumer.

Within this context, Lajous said the political parties should review the industry's work and offer opinions on its strategic orientation. Nevertheless, he said it is wrong to use the oil industry as a pawn in partisan politics. He noted: "The human and environmental risks inherent in this are unacceptable. Political parties must respect a source of wealth that is owned by all Mexicans."

Regarding the decentralization of 61 Pemex-owned petrochemical plants that refine petroleum by-products, Lajous said these plants are found in nine different divisions of the sector. According to Lajous, this is part of an overall structural reform process designed to improve the competitiveness of the nation's productive apparatus—a process that must be completed in the first quarter of 1996.

Lajous explained that 86 percent of the capacity of the 61 plants is centered in Coatzacoalcos, southeastern Veracruz State, which is the site of the petrochemical complexes of La Cangrejera, Morelos, Pajaritos, and Cosoleacaque. The enterprise also has installations in Tula, Salamanca, Poza Rica, San Martin Temelucan, and Camargo, he said.

Lajous also discussed the financial agreement Mexico has with the United States, and he again denied that oil revenues will be used to directly pay the credits granted by the northern country.

He explained, "This is not a question of anticipated sales of oil exports, or of produced oil, or of oil reserves." He added: "This agreement does not grant the U.S. Government any right over Pemex assets, and decisions regarding production, export destinations, and oil prices are not affected."

Lajous also said price hikes on Pemex products and the adjustment program's tax measures will affect revenues and Pemex's surplus.

Government Denies Implementation of Migration Controls

PA1903230095 Mexico City NOTIMEX in Spanish 2102 GMT 19 Mar 95

[FBIS Translated Text] Mexico City, 19 Mar (NOTIMEX)—The Mexican Government today denied that Government Secretary Esteban Moctezuma ordered controlling illegal migration into the United States. It also rejected having signed any migration agreements.

In a communique issued Sunday, the Mexican Government Secretariat said it was not true that Moctezuma had given any "orders to control illegal migration into the United States," as reported by a magazine.

The communique also denied that the secretary had signed an agreement by which the United States would give illegal aliens the option of facing trial or of being sent back to where they came from.

The document—signed by Alfonso Durazo Montano, the Secretariat's director of social communications—says that the institution denies that the recent financial negotiations between Mexico and the United States had conditions related to migratory issues.

The Government Secretariat reaffirmed that it respects and will continue to respect the right to move freely, as stated in the Mexican Constitution.

The note says "the Mexican Government's migratory policy is independent. It responds only to the objectives set forth by the people's law and the national interests of our country."

Mexican migration agents do not detain their fellow nationals who wish to seek work abroad, the document underscored. What they do, to enforce the law, is detain foreign travelers with no identification trying to enter the country to remain [passage indistinct] enter the United States.

The Secretariat explained that the Beta Group, created over four years ago, is tasked with countering violence against migrants gathered in the border cities of Tijuana and Nogales. Its work has been evaluated very positively.

Regarding the tunnels discovered in the northern city of Nogales, the document said that efforts to close the tunnels in order to stop highwaymen who use them as hideouts to perpetrate their crimes, including drug trafficking.

Zedillo Welcomes EZLN Decision To Resume Peace Talks

PA1703191795 Mexico City NOTIMEX in Spanish 1839 GMT 17 Mar 95

[FBIS Translated Excerpt] Mexico City, 17 Mar (NOTIMEX)—Mexican President Ernesto Zedillo today welcomed the Zapatist National Liberation Army's

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(EZLN) decision to resume talks with the government to restore peace in the southeastern State of Chiapas.

"This is an important step, but many more must be taken," the president said in an interview aboard the presidential plane en route to the central state of Durango, where he will conduct an intense working tour today. [passage omitted]

Former 'Drug Trafficker' on Political Assassinations

PA1703023195 Mexico City Radio ACIR Network in Spanish 1300 GMT 15 Mar 95

[Telephone interview with former Mexican "drug trafficker" Oscar Lopez Olivares, alias El Profe, from "somewhere in Texas," by reporter Jose Cardenas in Mexico City; from the "Panorama Newscast"—live]

[FBIS Translated Text] [Cardenas] Profe, how are you? Good morning. Thanks for taking this telephone call from the "Panorama Newscast."

[Lopez] At your service. Tell me, what can I do for you?

[Cardenas] Profe, you have been quoted as having said, interestingly enough, that Guillermo Gonzalez Calderoni, former federal Judicial Police commander, should be extradited to Mexico in order to do away with political crime and dismantle the Gulf Cartel. Would you expound on these remarks?

[Lopez] Of course. Contact was established between myself and certain members of former President Salinas' cabinet approximately six or seven months ago, when Mexico requested Calderoni's extradition. A commission was formed by approximately six or seven people, among whom was the Mexican consul in Brownsville. The consul was a member of the commission, which was formed by people from the Government Secretariat, the Mexican Presidency, and Mexican authorities in the United States in charge of drug related issues. In other words, the envoys of the Office of the Attorney General of the Republic [PGR].

[Cardenas] Yes.

[Lopez] I spoke at length at this meeting with these people, who requested my help to gain Calderoni's extradition, and it was decided they would return, but they did not. The change of command in Mexico was taken advantage of so as to avoid the extradition. One thing that was clearly established was that....

[Cardenas] Yes? The connection has been cut off. There has been a telephone interruption in Texas. In a moment, we will resume the call with Oscar Lopez Olivares, who was one of Juan Garcia Abrego's best known lieutenants. Garcia Abrego is the capo of the Matamoros Cartel. Lopez Olivares had a problem with Garcia Abrego, and he had to leave Mexico. One of Lopez Olivares' sons was killed, his home was torched, and he is in the United States as an FBI informer. He is also an informer for the "Panorama Newscast," of course. Our call with El Profe has been restored.

There was a brief interruption, Profe. Is your telephone tapped?

[Lopez] No, no. I believe the problem is in the Mexican lines. Nothing like that ever happens here.

[Cardenas] I wanted to ask who, in your opinion, are the most important men who can explain the assassination of Jose Francisco Ruiz Massieu?

[Lopez] First, the one who is under arrest, the former president's brother.

[Cardenas] How can you link Raul Salinas de Gortari to this crime?

[Lopez] Due to information we have, which is considerable and which—I reiterate—has been placed on various occasions in the hands of Mexican authorities from the previous administration. My assumption is that this information was manipulated every time an effort was made to establish evidence connecting Raul Salinas to the Gulf Cartel: Salinas as the mastermind and the cartel members as his aides. Relations between the Gulf Cartel and Raul Salinas are rather public now, because everyone is now aware of the relationship.

[Cardenas] You pointed this out before.

[Lopez] (?Days) before.

[Cardenas] Before the PGR authorities disclosed Raul Salinas de Gortari might be the mastermind of Ruiz Massieu's assassination, were the authorities already aware of that?

[Lopez] Yes. They were aware of Salinas' direct relationship with Juan Garcia, so it could not be considered an accident. Remember that all the actors in the assassination were from Tamaulipas and very close to Juan Garcia Abrego.

[Cardenas] Who else could be linked to political assassinations in connection with the drug cartel? What other public officials are involved?

[Lopez] The question will have to be more specific, because the individuals who participated in drug trafficking during President Salinas' term are the same ones protecting Juan Garcia Abrego. Everyone knows them.

[Cardenas] But who are Garcia Abrego's protectors?

[Lopez] The first and most important was Raul Salinas. It is because of him that all actions against Juan have failed. Garcia Abrego and Salinas were linked by a friendship which I do not believe is necessary to detail. It concerns women and stuff like that unrelated to politics. They were and are friends. Raul Salinas consistently protected drug trafficking by protecting his friend, Garcia Abrego.

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[Cardenas] Do you believe Mario Ruiz Massieu is involved too?

[Lopez] The truth is that Mario Ruiz Massieu is a victim of drug trafficking. He and I exchanged information. I phoned him at his office. He called me back and then sent some individuals to me. I confirmed later that he had been given two alternatives: he should accept the money or else he would be a dead man. So he had to accept the money the Gulf Cartel had offered him to release Humberto Garcia Abrego after he was arrested. Remember that this action was frowned upon, mainly by the U.S. Government. There was so much pressure from Raul Salinas that Mario was forced to release Humberto, an error which he corrected later. I believe this is the only positive action taken by Prosecutor Benitez, who was Mario's superior. These two men ultimately quarreled.

[Cardenas] So you think Mario Ruiz Massieu is a victim of drug trafficking.

[Lopez] Yes. Any comparison to Guillermo Gonzalez Calderon is even ridiculous, because Gonzalez Calderon is much more important. Let's keep in mind that he is regarded as the world's wealthiest police officer and the most successful policeman in actions against drug trafficking.

[Cardenas] Why do you think the PGR is no longer exerting pressure to have Gonzalez Calderon extradited?

[Lopez] First, because Gonzalez Calderon said if he were to be sent back to Mexico, he would reveal many things; bear in mind that he said this statement in public. I am just echoing what he said. He publicly threatened the president of Mexico via U.S. television.

[Cardenas] He said he knew many things. What will happen if Gonzalez Calderon speaks up, and whom could he get involved?

[Lopez] The former president himself. Gonzalez Calderon provided proof and evidence that he perpetrated certain crimes on orders from President Salinas himself. Raul Salinas would act as intermediary, however. In other words, the president did not directly instruct him to execute one or two people whose names he mentioned. I will give the names of these individuals at the appropriate moment. I was present when Calderon spoke to the FBI. As we say, Calderon was stuck. To get off the hook, he disclosed information to the effect that the expert gringos overpowered Salinas and did to him whatever they wanted, just as they are still doing at present and will continue to do to anyone who opposes their own interests.

[Cardenas] Profe, in your opinion, who else is involved in protecting drug trafficking activities within Mexican politics?

[Lopez] In my opinion, I would say Mexico's main and biggest all-time drug trafficking protector is none other than he who received $50 million a month from the Gulf Cartel, a fact which is public and something which I, the gringo government, and the Mexican Government have evidence of: Francisco Javier Cuello Trejo. He plays an unquestionable role in drug trafficking and is also protected by President Salinas' brother and the president himself, with whom he had a very close friendship. After him, Calderoni, because Calderoni followed Cuello Trejo's orders.

The other very important person, because of what he knows, who should be extradited to Mexico, is Mario Ruiz Massieu. Nothing will happen to Mario Ruiz Massieu; no one can do anything to him. What is going to happen is that he himself will have to help the Mexican Government, if indeed what President Zedillo says is true—that is, that he is going to end impunity, a statement which I honestly do not believe is true. I have left him this small task as if I represent the general opinion on what the government should do regarding drug trafficking. In case he wants proof.... [pauses] Can you hear me?

[Cardenas] Yes, clearly.

[Lopez] He—Zedillo, who is now President Zedillo—came to Matamoros with an unusual attitude, which everyone criticized and no one considered manly or anything of the kind. The consensus was that he should not have done it. Remember, he came to Matamoros approximately 15 days prior to taking office or power in Mexico. As president-elect, he came to publicly challenge drug traffickers in Juan Garcia's very own village. Also remember well—and the president must not forget—that he said he was going to fight the bosses. Do you remember that?

[Cardenas] Yes, clearly.

[Lopez] Zedillo's message, which was delivered—because I am certain he was well informed—referred to Jesus Roberto Guerra and not, as most people have speculated, to Juan Garcia's uncle, Don Juan M. Guerra, a legend in contraband, not drugs, who was considered at one time the most feared and powerful man and a protector of Juan Garcia. Jesus Roberto Guerra is Juan Garcia's first cousin. The most important action Juan Garcia and Jesus Roberto Guerra ever committed still remains unpunished. This is a point that I can never forget, because they killed the greatest journalist in Tamaulipas and in the north, Ernesto Flores Torrijos, and a young lady who was a great journalist, Norma Moreno, as well as another journalist. Flores Torrijos was my teacher, my boss at a newspaper in Matamoros. These are the murders I have never been able to forget.

[Cardenas] Profe, Juan Garcia Abrego, your former boss, is one of the most sought-after men by U.S. judicial authorities the world over.

[Lopez] He was not my boss. I believe that not even that can be said, because the full story will come to light tomorrow. Once you digest the story, a very ample story,

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you are going to hear tomorrow.... [pauses] I do not want to give any additional information until you have in hand the information the Monterrey newspaper EL NORTE and REFORMA will publish. That information was derived from an interview they had with me. They took enough evidence to clarify all the doubts existing right now, and these matters will be clarified, Mr. Cardenas, tomorrow.

[Cardenas] Can you provide us with a preview, Profe?

[Lopez] I beseech you to be patient and keep in mind that we are referring to people who took a big gamble just by interviewing me. I would not like to jeopardize their jobs, which.... [pauses] Let's wait until tomorrow, because I would also like to read what they published, given I was the one who was interviewed.

I would like to call your attention to a few facts. First, I began granting interviews from as far away as Europe. Do you understand?

[Cardenas] Yes, I do.

[Lopez] Even from as far away as Europe, Africa, and Asia. My track record is known throughout the world, except here in Mexico and the United States, because the Juan Garcia Abrego issue here has turned into a time bomb, and it is an issue that has affected relations between both nations for many years. The issue has been capitalized repeatedly on numerous occasions in certain sectors, such as free trade, for example. This information on drug trafficking in Mexico has been used for many things, because....

[Cardenas, interrupting] We will respect what you have explained to the newspapers you just mentioned. If you grant us another opportunity, we will interview you again in a few more days.

[Lopez] I reiterate that I am at your disposal, and at whatever time you may call....

[Cardenas, interrupting] One more thing, why don't you tell us where Juan Garcia Abrego is?

[Lopez] Juan Garcia Abrego's location is the least of my concerns. His location is of no importance, because....

[Cardenas, interrupting] It is important, because the authorities are looking for him.

[Lopez] That is not true. That is another issue that will be explained tomorrow. Why? Because he is one of the 10 most wanted people. Do you know who the nine others are?

[Cardenas] No, we do not.

[Lopez] When you find out who are the other nine, you will be able to compare the nine with Juan, right? For example, one of the men included on the list of the 10 most wanted alleged criminals of all time is being sought simply because he shot some horses.

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Guatemala

Minugua Notes 'Flawed' Operation of Justice System

PA1703165195 Guatemala City SIGLO VEINTIUNO in Spanish 14 Mar 95 p 2

[Report by Carlos Canteo]

[FBIS Translated Text] Yesterday, the United Nations Mission to Guatemala (Minugua) stated in its report that groups linked to drug trafficking, car robberies, and timber contraband may be operating with the support, protection, and tolerance of state officials.

Minugua Director Leonardo Franco explained in the report that the most serious obstacle to the observance of human rights in the country continues to be the impunity of the violations.

In addition to the active participation of state officials in illegal acts, the report points to the autonomy of the Armed Forces during counterinsurgent operations, the procedures employed, and the lax manner with which legal concepts are interpreted.

Franco indicated that other factors supporting impunity of the violations include the flawed manner in which the justice system, the Office of the Attorney General, and the security forces responsible for fighting criminal activity tend to operate.

When asked to identify the state officials included in the report, Franco mentioned the National Police, the Finance Police, the military, the Civilian Self-Defense Patrols [PAC], all of which form a hierarchy of responsibility.

Minugua Figures.

During the first quarter covering the period from 21 November 1994 to 21 February 1995, the UN mission received more than 1,000 complaints of which 288 were acknowledged. These complaints included violations of the right to life, to personal security, to liberty, to due process, to freedom of expression, to unionize, as well as violations during armed conflicts.

More than 100 complaints were received in the first case, or the right to life, 22 of which were characterized as illegal executions; 10 deaths were characterized as violations of due process, and 68 as attempted illegal executions.

With respect to the right to personal security, nine cases of torture were uncovered; two instances of cruel, inhuman, and degrading treatment; one case of excessive use of force; and 52 cases of threats.

Franco believes it is critical for the government to investigate the increasing number of murders, since to remain passive will only support further violations. In many of the cases, the main officials responsible have been military commissioners, and PAC members.

According the Minugua report, there have been instances where the active participation of soldiers in cases of torture has been established.

Other cases reported by Franco refer to persistent death threats made by PAC members against the population of rural communities in order to force them to either join or not abandon the civilian patrols.

With respect to the Guatemalan National Revolutionary Unity [URNG], the mission limited itself to describing the constant sabotage of electric energy pylons as activity that primarily affects the civilian population and called on the guerrilla leadership to refrain from carrying out these operations.

Peace Commission Returns From Mexico Without Agreement

PA1703174995 Guatemala City SIGLO VEINTIUNO in Spanish 16 Mar 95 p 4

[Report by Carlos Canteo]

[FBIS Translated Text] The government Peace Commission (Copaz) returned from Mexico yesterday without achieving the signing of the Identity and Rights of the Indian Nations Agreement with the Guatemalan guerrillas. This means that the dates of the new schedule presented by UN Under Secretary General Marrack Goulding will not be met.

According to the proposed schedule, the signing of the agreement was to take place yesterday, at the latest. However, the Guatemalan National Revolutionary Unity [URNG] said it has still not been able to discuss the draft on the Indian issue thoroughly.

Anger and Perplexity

Copaz Chief Hector Rosada said the result of this new meeting confirms what he had declared last week. He said then that it was very difficult to reach an agreement with the guerrillas because it seems that peace is not one of their main priorities.

Rosada noted that he is not a pessimist but simply a realist; as he noted last week, the guerrillas have now pulled a rabbit out of their hat and asked for more time to study a draft they have been discussing since 20 October 1994, something they know thoroughly.

This meeting, the Copaz chief noted, *confirms the doubt and lack of credibility that must be given to the statements by the guerrilla commanders because they are not complying with a schedule they had previously accepted. However, this does not, in any way, mean the government will withdraw from the negotiation table.*

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According to Rosada, the meeting of the Petit Committee convened by Jean Arnault [UN-appointed mediator for Guatemalan Government-rebel talks in Mexico] took place on Monday. Later, Arnault met with the government delegation and will meet with the URNG today and tomorrow. Another meeting of the Petit Comm convocation could result from this, he added.

Rosada stated that the goal was to give positive answers to 43 of the 88 objections presented by the URNG to the UN draft, however, it was explained to the moderator that there were 35 requests, which can be summarized in five basic points, that the government cannot accept, he said.

Finally, he stated that they are waiting for Jean Arnault to convene a meeting next Monday. At this time, they expect the treaty will be signed so they can continue to discuss the rest of the pending issues on the negotiation agenda.

Rosada: URNG Not Ready To Negotiate

PA1903044795 Mexico City NOTIMEX in Spanish 2137 GMT 18 Mar 95

[FBIS Translated Text] Guatemala City, 18 Mar (NOTIMEX)—Government representatives of the National Commission for the Consolidation of Peace (Copaz) denied here today charges by the Guatemalan National Revolutionary Unity (URNG) that the official delegation abruptly and unilaterally withdrew from a meeting with the rebels.

Copaz President Hector Rosada rejected statements by Commander Pablo Monsanto in Mexico, who reproached the Commission for leaving a petite comite meeting without notifying the moderator of the negotiations, Jean Arnault, or the guerrilla representatives.

"The United Nations sent for us Monday to resume negotiations and to discuss the Indian issue, which remains on the agenda, but the guerrilla group said it was not ready," Rosada told a local radio station.

"The URNG said it preferred to have UN mediator Jean Arnault conduct alternating meetings between the two sides until Thursday, but we were not in Mexico to remain idle," Rosada added.

Rosada said the commission notified Arnault that Copaz would return to Guatemala because the URNG was not prepared to resume negotiations and because the commission did not consider the alternate meetings necessary. "Arnault agreed," Rosada said.

The Copaz members returned to Guatemala on Wednesday without having reached an agreement with the URNG to resume negotiations and reopen the discussion of the rights and identity of the Indian people. Negotiations were suspended in November 1994 while that topic was under discussion .

Upon his return to Guatemala, Rosada expressed his dislike for the "informality" of the URNG, which, "in addition to postponing the meeting, also postponed the formal resumption of negotiations."

Copaz President Rosada is presiding over the negotiations to end 34 years of fighting in Guatemala which have left 175,000 people dead.

"The URNG had better not say that we abandoned the negotiating table because they have used that old trick before. Anyway, Copaz does not have to ask for the URNG's permission to withdraw from the negotiating table," Rosada said.

Country To Lower Tariffs Following Salvadoran Actions

PA1903234195 Guatemala City LA REPUBLICA in Spanish 16 Mar 95 p 5

[FBIS Translated Text] President Ramiro De Leon Carpio announced yesterday that his country will support El Salvador's aggressive economic opening plan and will set its tariffs between 20 percent and 1 percent starting on 1 April.

De Leon stated during a news conference that the decision was made following his recent trip to Europe where he met with his Salvadoran counterpart Armando Calderon Sol. The tariff for merchandise and component parts will be from 20 percent to 5 percent, whereas the tariff for capital goods will be just 1 percent.

El Salvador recently unveiled an economic reform program that seeks to dollarize its economy, drastically reduce tariffs, and promote the country as the recipient of investments and as a free zone for exports.

As of 1 January 1996 in Guatemala, the tariffs for finished products will be 15 percent, which in an unspecified period will gradually go down to 1 percent, the president stated.

Last January, El Salvador adopted an economic program that among other measures calls for tariff reductions and asked the other area countries to join it in this effort that seeks to open their economies to world trade.

The Salvadoran plan proposes to lower to 1 percent taxes on capital goods and raw materials and to establish a tariff "ceiling" of 15 percent starting on January 1996.

The economic cabinets of Guatemala, El Salvador, Honduras, Nicaragua, and Costa Rica have discussed technical and political matters on the need to lower tariffs.

"Central America represents a strategic area for foreign trade, as the region must develop the potential for the activities it conducts," De Leon stated in justifying the adoption of this economic policy.

According to the president, with these actions, he is taking the leading role along with El Salvador, he is holding technical talks with Costa Rica so that it can join, and he is hopeful Honduras and Nicaragua will do likewise.

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"We want this to be out of common agreement (in Central America) and have instructed the countries' experts to accelerate the actions that will implement these decisions that are important within the economic programs," he stated.

The measure will be introduced soon to the Central American Tarrif Council, which is composed of the area's economy ministers, De Leon added.

Meanwhile, Economy Minister Eduardo Gonzalez did not rule out that the measure may be approved at the regional level during the upcoming summit of the area's presidents to be held from 27 to 31 March in El Salvador.

Honduras

Discua Blames Human Rights Abuses on U.S. Pressure

PA1903172495 Mexico City NOTIMEX in Spanish 1730 GMT 17 Mar 95

[FBIS Translated Text] Tegucigalpa, 17 Mar (NOTIMEX)—A public ombudsman today demanded that Armed Forces Commander General Luis Alonso Discua Elvir explain his claims of alleged U.S. pressure to violate human rights last decade.

National Human Rights Commissioner Leo Valladares told the press: "General Discua should and must speak fully, without any reserve, about what he personally knows concerning the subject—of what this violation or pressure consists."

"All Hondurans and relatives of missing people deserve to know the truth," Valladares said. On 27 December 1993, Valladares presented a report called "Events Speak for Themselves" which reviews the disappearances of 180 people in the past decade.

Valladares was referring to Discua's statements published by the MAGAZIN supplement of Germany's SUEDDEUTSCHE ZEITUNG newspaper, in which Discua accuses the United States of forcing the Honduran Armed Forces to violate human rights.

"If human rights have been violated, it is because the United States has forced us to do this as part of the fight against the reds (communists)," Discua Elvir told the German newspaper in an interview. Discua's statements came in advance of next week's official visit by Honduran President Carlos Roberto Reina, who will be traveling to Germany as part of a tour through four European countries.

Valladares said that based on statements by Discua Elvir, the National Human Rights Commission will summon the Armed Forces chief to explain U.S. pressures to violate human rights in last decade. Nevertheless, Valladares disclosed that on previous occasions when Discua Elvir was asked for information on missing people, he replied, "I do not know what you are talking about."

The Committee of Relatives of Missing Prisoners in Honduras (Cofadeh) points to the military as the main culprit in connection with missing people in the past decade, many of whom were popular left-wing leaders. In his 1993 report, Valladares also claimed Argentine agents trained the Armed Forces in the struggle against subversion and methods to subvert human rights, and, in turn, "U.S. participation was a possibility."

The human rights ombudsman has complained about the lack of political resolve to clarify the cases of missing people. He also has announced that he will conduct his own investigation that will run parallel to government inquiries.

The Honduran Armed Forces have insisted that the disappearances took place in the middle of the Cold War when the National Security Doctrine prevailed and have denied all responsibility in these events.

Preferential Treatment From U.S. To Continue for Exports

PA1803043795 Panama City ACAN in Spanish 2312 GMT 16 Mar 95

[FBIS Translated Text] Tegucigalpa, 16 Mar (ACAN-EFE) - Hugo Noe Pino, president of the Central Bank of Honduras, said today that the Honduran Government does not expect the United States to eliminate preferential treatment for Honduran nontraditional exports on the U.S. market.

There has been concern in Honduras that the United States, through a special law being discussed in Washington, will suspend preferential treatment for Caribbean Basin products, which would affect Honduras' nontraditional and manufactured exports to the United States.

Pino said talks among the Carlos Roberto Reina administration, the U.S. Government, and the U.S. Embassy in Tegucigalpa have been positive, which may imply that Honduras' exports will not be affected.

Honduras' primary nontraditional products include shrimp, lumber, watermelon, melon, and clothing manufactured at industrial parks, better known as maquiladoras [assembly plants].

However, due to certain labor conflicts at the maquitadoras, most of which operate on foreign capital, it has been unofficially announced that the United States could exclude Honduras from the preferential system.

Pino said the Honduran Government is trying to resolve the industrial workers' demands. He added that there is a possibility of enlarging this economic sector, which employs approximately 50,000 people, most of whom are women.

Honduras obtains approximately $100 million annually in revenues from the maquiladora industry.

Soldiers Depart on Peacekeeping Mission to Haiti

PA1703183195 San Pedro Sula TIEMPO in Spanish 16 Mar 95 p 3

[Article by Rodolfo Murillo Santos]

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[FBIS Translated Text] Puerto Cortes—The Russian ship "Palekh" arrived yesterday morning in Puerto Cortes to transfer 120 Honduras Armed Forces soldiers to Haiti as part of the UN peacekeeping force in that country.

According to an executive of the MATRA shipping agency, the ship, which yesterday was anchored in the bay, will be loaded and possibly will sail for Haiti today.

The equipment which the Honduran "Tigers" will carry is currently in the No. 2 warehouse of the National Port Enterprise (ENP), however, whether the equipment will be shipped ahead of the soldiers or whether the ship will only make one trip has not been ascertained.

Members of the unit selected for this mission were not seen yesterday, but there was a constant flow of military vehicles in that sector of the port.

Last night, after a heated debate, the National Congress approved the departure of the soldiers and an allotment of millions of lempiras to cover their "travel expenses."

To carry out this mission, which the Armed Forced calls the "Lempira Tactical Group", the Army asked the National Congress for 3.267 million lempiras for the "military personnel's travel expenses," despite the fact that the UN pays for food, lodging, medical services, and gives each group a nominal stipend.

The group, made up of 15 officers and 105 soldiers, will carry out protection and policing tasks for one year. The soldiers will be rotated every six months.

The Honduran group joins other nations verifying the restoration of democracy in Haiti after the return of Haitian President Jean-Bertrand Aristide following the departure of the military officers who seized power by means of arms.

Nicaragua

Government To Fire 13,000; Workers Warn of 'Chaos'

PA [illegible]03044395 Managua BARRICADA in Spanish 16 Mar 95 pp 1, 2

[Report by Xavier Rayo]

[FBIS Translated Text] The government of Violeta Chamorro agreed to fire more than 13,000 government employees within two months, under pressure from the World Bank. The Bank has been monitoring the implementation of the economic adjustment plan.

Government officials met on Tuesday to study the World Bank's evaluation of the ESAF [Enhanced Structural Adjustment Facility] and the ECR II [expansion unknown]. During the meeting, they accepted the mandate to implement the massive layoffs.

A news release issued by the Information and Social Communications Directorate [DICS] of the Presidency said that the international mission confirmed that some areas were ahead of schedule, while others were behind. It, therefore, decided to take several measures that will withhold a $66 million disbursement.

The adjustment plan evaluation, which took place from 1 to 8 March, found that the government has not yet privatized 40 percent of the Telcor [Nicaraguan Telecommunications and Postal Services Institute], which includes an operations concession that should have been awarded in October 1994.

The economic cabinet, headed by Minister Antonio Lacayo, was criticized in the report for failing to attain its objective of reducing the government's payroll, as set forth in the Labor Mobility Plan, PML.

The DICS indicates, however, that "the government told the foreign mission it intended to complete the pending steps within the next two months," that is privatize Telcor and implement the PML.

Government workers warned that the economic cabinet's commitment to forcefully impose the PML, which was initially a voluntary program, would mean imminent chaos for the country's stability.

Herberto Ruiz, a leader of the National Employees Union of Nicaragua (UNE), warned that the drastic imposition of such a plan would generate chaos across the country. It means pushing more than 13,000 workers into unemployment in 60 days.

Ruiz added that "the government managed to get government employees to join the PML, as it had planned, except for about 2,000, but now it wants to use other ways of reaching its goals, coercively, as usual."

The strategy at the various government agencies is to fire those who do not accept the plan, giving them only their social benefits. Such is the case at the INRA [Nicaraguan Agrarian Reform Institute], where 45 people are about to be fired.

The workers will not allow such arbitrary actions as those currently under study at the Labor Ministry. Ministries present their personnel reduction requests, alleging that the cutbacks are due to internal reorganization, Ruiz added.

According to the UNE leader, the approval of the Telcor bill at the National Assembly is in no way independent of the executive branch's strategy. It will allow the government to fire 1,800 employees.

He added that the same situation can be found at the Nicaraguan Institute of Energy, now the ENEL. There are plans to reduce payrolls to a minimum. Ministries such as the Agriculture and Livestock Ministry will have only 300 employees, who would be unable to help the farmers.

Herberto Ruiz indicated that his organization's leadership is aware of the pressure that certain government agencies, such as the Central Bank, the Ministry of

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Construction and Transportation, and the INRA, are under to get their employees to chose accepting the PML or being fired.

Herberto Ruiz pointed out that "the UNE chapters at the government's various agencies are aware of the tendency to reject the PML. The National Executive Committee will meet tomorrow, Friday, to define future action."

Panama

Lewis Galindo Affirms No Negotiations on Stay of Bases

PA1803170295 Panama City EL PANAMA AMERICA in Spanish 18 Mar 95 p 1

[Report by Carlos Vargas]

[FBIS Translated Excerpt] Foreign Minister Gabriel Lewis Galindo, who yesterday took leave of absence due to illness, has affirmed that the Panamanian Government does not intend "to take any steps to negotiate a possible stay of the (U.S.) military bases in Panama beyond the year 2000."

Lewis Galindo made the aforementioned remarks following a meeting of Foreign Ministry officials with President Ernesto Perez Balladares, which preceded his request for a temporary leave of absence due to a heart condition.

Lewis Galindo reported that no formal request has been made by the U.S. Government to negotiate the stay of military bases in Panamanian territory.

According to the foreign minister, any request made by the U.S. Government in the future over the stay of the bases will be analyzed taking the country's interests into consideration.

"Until today there has been absolutely nothing; there have just been talks among members of the U.S. Congress and opinions by the U.S. State Department, but up to now no formal request has been made to consider the stay of the military bases," Lewis Galindo stressed. [passage omitted]

Foreign Minister Taking Leave Due to Heart Condition

PA1703233895 Panama City Circuito RPC Television in Spanish 2300 GMT 17 Mar 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] Foreign Minister Gabriel Lewis Galindo has disclosed that President Ernesto Perez Balladares has granted him a temporary leave of absence following the discovery of an arterial lesion during a routine exam conducted by Drs. Alberto Suescum and Temistocles Diaz at San Fernando Hospital in Panama City.

The foreign minister made the announcement following a meeting with the president, which was also attended by members of his ministerial team.

The foreign minister announced that Ricardo Alberto Arias, Panama's ambassador to the United States, will be appointed acting foreign minister.

Medical Explanation Details 'Lesion'

PA1803011495 Panama City Circuito RPC Television in Spanish 2300 GMT 17 Mar 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] The following is a medical explanation of Foreign Minister Gabriel Lewis Galindo's arterial lesion, which has prompted his temporary separation from that post:

[Begin unidentified speaker recording] The strength test is to measure the capability of the coronary arteries to supply the heart with oxygen. We have discovered that a part of Lewis Galindo's heart is not receiving the amount of oxygen we would like it to receive when he makes the maximum physical effort; that is, the maximum effort for his age.

This condition is usually caused by a partial occlusion of the coronary arteries. We detected it even though the foreign minister is totally free of symptoms attributable to an occlusion, because we examined him thoroughly.

When we told him this morning, we said the problem could probably be resolved with relatively quick and efficient surgery, such as an angioplasty, because we believe only one artery has been affected. It is not uncommon for people who undergo this surgery to return to their normal activities within the week. [end recording]

Leave of Absence Confirmed

PA1803171495 Panama City LA ESTRELLA DE PANAMA in Spanish 18 Mar 95 p 1

[FBIS Translated Text] The General Communications Directorate of the Presidency informs the citizens that as of Tuesday, 21 March 1995, Foreign Minister Gabriel Lewis Galindo has been granted a temporary leave of absence due to health reasons.

The foreign minister went for his regular annual checkup, which was performed at San Fernando Clinic in Panama City by prominent doctors Antonio Suescum, Ernesto Arosemena, Manuel Roy and Temistocles Diaz. Although the doctors detected an asymptomatic coronary condition, they also determined that his heart does not show any damage.

Since Lewis Galindo will have to undergo additional tests in the United States, and, because Deputy Foreign Minister Omar Jaen Suarez is on his way to Japan on an important official mission, Ricardo Alberto Arias, current Panamanian ambassador to Washington, has been appointed acting foreign minister. Victor Cucalon, international economic relations director, has been temporarily assigned as deputy foreign minister.

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Argentina

'Busy Negotiations' Among Mercosur Partners To Raise Tariffs

PY1703134395 Madrid EFE in Spanish 1700 GMT 16 Mar 95

[FBIS Translated Text] Buenos Aires, 16 Mar (EFE)—It was reported in Buenos Aires today that Argentina is conducting busy negotiations with Brazil, Paraguay, and Uruguay—its Common Market of the South (Mercosur) partners—to raise Mercosur tariffs.

The Argentine Government proposes a 3 percent increase in the Mercosur common external tariff—a measure that has been partially accepted by Brazil, and rejected by Paraguay and Uruguay.

The increase was proposed as an idea to meet fiscal adjustment measures that Argentine officials agreed with the IMF in exchange for a $2.4 billion loan.

Diplomatic sources said Brazilian officials have said they are willing to accept changes with some adjustments on certain products.

It is believed Brazil supports the change because it needs to reduce its trade deficit, which totalled $1.1 billion in February as a result of an enhanced economic opening.

The sources indicated that Paraguay and Uruguay refuse, however, to change the regional bloc's agreements, establishing as of 1 January a common external tariff on 85 percent of the products on the customs lists.

Mercosur, whose GDP represents more than half Latin America's total GDP, will achieve a complete customs union by the year 2006 when a common tariff will apply on all products.

Argentine Economy Minister Domingo Cavallo will travel to Brasilia on 18 March to negotiate and to explain the trade policy that Argentina wants to implement.

Cavallo believes the change will allow the Argentine Treasury to collect about $885 million more per year.

As of April, Argentina will implement a 3 percent tariff increase on imports from countries outside Mercosur, except for industrial equipment and machinery, information science products, and fuels.

Mercosur tariffs total a maximum of 20 percent, but each partner drew up a list of products on which a customs tariff higher or lower than the common external tariff was established.

Next month Argentina will increase the tariffs on those products on its list of exemptions that are below the common external tariff.

Argentina has implemented tight austerity and fiscal adjustment measures to overcome the serious economic problems caused by the Mexican crisis.

Following the agreement reached with the IMF, government officials believe this year they will achieve a $4.4 billion fiscal surplus after repaying the foreign and domestic public debt.

Venezuela Considers Arms Sales to Ecuador Issue 'Closed'

PY1703123995 Buenos Aires LA NACION in Spanish 16 Mar 95 p 12

[Article by Ovidio Bellando]

[FBIS Translated Excerpt] As he left the office of Vice Foreign Minister Fernando Petrella, Venezuelan Ambassador to Argentina Martiniano Bracho told LA NACION that Venezuela has delivered documents that prove there was no deal involving the Venezuelan Government in the sending of arms to Ecuador. He said: "My country considers this case closed."

Within a forced air of secrecy ("I understand because I was a journalist myself, but you must understand the position of an ambassador"), the diplomat said: "Everything, the documents, the signature of the colonel allegedly involved, everything is false." [passage omitted]

Vice Foreign Minister Petrella agreed with Bracho that, on the basis of the documents from Caracas, the Foreign Ministry considers the case closed.

Foreign Minister Guido Di Tella said yesterday in Germany that neither Argentina or Venezuela are responsible and the Defense Ministry's investigation would resolve everything.

It was leaked that diplomatic officials have prepared a factual report on the events that will be delivered to Di Tella today. A copy of this report will be sent to Defense Minister Oscar Camilion.

The source said the five-page report "contains substantial information." The source noted that some sectors (which he did not specify) seek to misrepresent the facts, adding: "For example, the fabricated disagreement between the Defense Ministry and the Foreign Ministry that they convinced a newspaper existed."

The source added: "There never was any disagreement. The Foreign Ministry and the Defense Ministry discharged their duties perfectly at all times." [passage omitted]

Provincial Daily Claims Peru Also Purchased Argentine Arms

PY1703205095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1615 GMT 17 Mar 95

[FBIS Translated Text] Bahia Blanca, 17 Mar (NA)—According to the information published by a local daily, it was not only Ecuador that used Argentine-made arms

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during the Ecuadoran-Peruvian conflict. The daily says that Peru also obtained Argentine arms during the same period.

The newspaper LA NUEVA PROVINCIA says that "the Peruvian Government discreetly protested over the equipment sent to Ecuador because it had also acquired some elements, such as ammunition and military batteries, from Argentina after the beginning of the conflict with Ecuador."

The Argentine arms, which were to all appearances sold to the Venezuelan Army, were in fact sent to Ecuador through an operation arranged in February. The details of the deal have not yet been fully clarified.

The matter became public following a Peruvian protest to Argentine authorities that was leaked to the press.

"The deal was given relatively little importance at the beginning, but the Argentine Government's internal squabbling and bickering turned it into a scandal," LA NUEVA PROVINCIA comments.

The daily says that Military Industries sold the material to the company Heyton Trade, which said it was purchasing the equipment for the Venezuelan Army, but which ended up sending them to Ecuador and Croatia.

The daily says that "Secret Decree 103 authorized a deal worth $33 million, but the company only made two shipments for slightly less than $10 million."

The daily adds that "the ship Rijeka Express, of the Croatia Line, left Buenos Aires on 4 or 5 February carrying 105 mm cannons, spare parts, and ammunition worth $7.9 million."

"Two weeks later, between 16 and 26 February, and on three successive flights, the company diverted FAL [Light Automatic Rifle] rifles, spare parts, and ammunition worth a little under $2 million to Ecuador," according to the daily.

The daily says that the firm Heyton Trade paid for the two operations in advance at the Argentine National Bank in New York. Heyton Trade is listed as having offices in Montevideo and apparently also in Miami.

"Military Industries deposited the 13 percent commission in a Uruguayan bank account," LA NUEVA PROVINCIA concludes.

Cavallo Lectures on Priority of Reestablishing Confidence

PY1703152095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1113 GMT 17 Mar 95

[FBIS Translated Text] Buenos Aires, 17 Mar (NA)—Economy Minister Domingo Cavallo has said the government's priority is "to reestablish the confidence of account holders" in the Argentine banking system, a confidence that was shaken by the problems faced by various organizations after the Mexican crisis.

Cavallo also hailed the congressional "support" for the tax measures promoted by the Economy Ministry to comply with terms of an agreement by which the IMF will loan a total of $2.4 billion to Argentina.

With regard to the Chamber of Deputies' 15 March approval of a VAT [Value Added Tax] increase, among other tax measures, and the Senate's approval of the PyMES [Small and Medium-Sized Enterprises] Labor Flexibilization Bill, the economy minister emphasized: "I am grateful for the congressional support for the package of measures sent by the executive branch."

The economy minister presented a lecture yesterday to a group of entrepreneurs during a "Science, Enterprise, and Politics Forum" at the Club Americano.

Before his lecture, Cavallo asked for a moment of silence in memory of Carlos Menem, Jr., who, along with TC [Car Rally] 2000 racer Silvio Oltra, died yesterday in a helicopter crash.

The minister also asked the entrepreneurs "to pray for God to give the president the strength required to overcome this painful circumstance and continue to play his role of statesman, which has facilitated Argentina's formidable transformation."

Addressing economic issues, Cavallo insisted on the "necessity" of privatizing the nuclear power plants "to avoid the continuous burdening of the budget by the completion of the Atucha-2 (nuclear power plant) project."

Concerning the Atucha-2 power plant, which is under construction, Cavallo said: "This project is like a black hole, as no one knows how much money is required to finance it."

Upon discussing the "necessity" of the people regaining trust in the domestic banking system, the economy minister mentioned a case involving the Bank of Cordoba.

In this regard, Cavallo said "there was an act of irresponsible terrorism by low-ranking (Bank of Cordoba) personnel who, as a result of jealousy involving a trade union, rejected checks drawn on the Bank of Suquia."

According to the minister, the attitude taken by the Bank of Cordoba personnel "prompted a massive withdrawal of deposits, which forced the government to support the bank through the Central Bank and the National Bank."

After the Mexican debacle and its repercussions in Argentina, the banks experienced a drain of more than $4 billion that savings account holders withdrew fearing that some banks would be shut down.

In order to apply a shock [preceding word in English] to inspire confidence in the financial system, Cavallo formulated a trust fund that will serve as a support for the banks. This trust fund has been included in a tax package that Cavallo presented early this week.

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The economy minister confirmed the establishment of a 1.2 billion peso trust fund that will be used to strengthen and restructure the banking system, particularly the provincial banks.

Cavallo also said he trusts that Argentina "will succeed and ultimately emerge strengthened after totally overcoming the financial crisis."

Cavallo emphasized: "We are convinced that we will succeed and that Argentina will wind up strengthened after this harsh trial to which it has been subjected, following these international circumstances."

Before an audience of bankers, entrepreneurs, and businessmen involved with petroleum, the minister emphasized the attitude taken by the entrepreneurial community, which "confirmed its confidence in the economic policy with its offer to subscribe to a $1 billion bond."

Cavallo noted: "This gesture has only occurred once in Argentine history. It occurred 100 years ago, when Carlos Pellegrini [Argentine president from 1890 to 1892] was extricating our country from the 1890 crisis."

Senate Approves 3 Percent VAT Increase for 1 Year

PY1703170095 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1053 GMT 17 Mar 95

[FBIS Translated Text] Buenos Aires, 17 Mar (NA)—A 3 percent increase in VAT [Value Added Tax]—from 18 to 21 percent—and an increased tax base for personal goods have become law following approval by the Senate of a package of urgent measures that will be implemented until April 1996, when the government believes the economic crisis will be overcome.

The government bill, which largely meets the requirements established in an agreement signed with the IMF, was approved last night with the help of 25 votes of Justicialists and the Neuquen Popular Movement.

The PAIS [Open Politics for Social Integrity] bloc, and Radical Civic Union and Autonomist and Liberal Pact of Corrientes senators voted against the bill.

The government's rush to obtain approval for the so-called Personal Goods Tax Reform Bill was confirmed by the busy negotiations conducted as of the early morning hours by Eduardo Bauza, the secretary general of the presidency, who shared a working luncheon with PJ [Justicialist Party] bloc senators and then personally attempted to convince senators from provincial blocs to support the bill.

Bauza's efforts were reinforced by the presence of Horacio Liendo, the Economy Ministry legal and technical secretary, and Economy Ministry Finance Secretary Ricardo Gutierrez, who carefully explained to the PJ lawmakers the meaning of the three articles that the Chamber of Deputies added to the bill yesterday.

These articles, which are the essence of the government bill, extend until 1 April 1996 the Fiscal Pact between the federal government and the provincial governments on fiscal issues. They also ensure the provinces will receive a nonreimbursable 1.2 billion pesos that will be distributed following the shared federal- provincial tax system, and authorize a 3-percent VAT increase for a period of one year.

This special contribution for the provinces, which will be used to finance "the reform of provincial governments and provincial banks," will come from international loans that are currently being negotiated by Economy Ministry officials.

The money raised by the VAT increase, which will not be shared by federal and provincial governments and will be administered by the National Treasury, will be used to support the fiscal balance "and to strengthen public credit."

The bill also increases the personal wealth tax base, levying a 0.5 percent tax on all investments of more than 100,000 pesos that are not used for production.

Radioactive Waste Ship Still Outside Territorial Waters

PY1703181295 Buenos Aires TELAM in Spanish 1554 GMT 17 Mar 95

[FBIS Translated Text] The Security and Community Protection Secretariat today reported that the British ship "Pacific Pintail," which is carrying 14 metric tons of radioactive waste, continues to navigate outside Argentine territorial waters.

Based on information from the Argentine Coast Guard, the Security and Community Protection Secretariat reported that at 0800 today the ship was 492 nautical miles "from Rio Gallegos," which means it is about 920 km from Rio Gallegos.

At 0800 today the "Pacific Pintail" was 51 degrees zero minutes latitude south and 55 degrees 12 minutes longitude west.

The Security and Community Protection Secretariat indicated that the British ship's course is 205 degrees and that "the ship is outside Argentine territorial waters."

Bolivia

Fear Expressed Over Possible U.S. Military Intervention

PY1703142295 Madrid EFE in Spanish 2358 GMT 16 Mar 95

[FBIS Translated Excerpt] La Paz, 16 Mar (EFE)—A ruling party deputy and a mayor reported late this

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afternoon that the United States might militarily intervene in the antidrug fight in Bolivia. This was also discussed by the Bolivian Congress.

German Gutierrez, mayor of the Bolivian capital Sucre, today expressed his fear about a possible U.S. military intervention in Bolivia and stressed the need to strengthen national unity against that "very serious threat to the country."

The Sucre mayor accused the United States of "extorting" Bolivia to force the La Paz government to sign an extradition treaty and to forcefully eradicate the coca crops. Coca is the raw material for cocaine.

Gutierrez said: The only thing left for the United States, with regard to achieving its goals, is to militarily invade Bolivia or to declare an economic blockade against this country. Gutierrez was elected Sucre mayor as candidate of the Nationalist Revolutionary Movement (MNR), the ruling party.

Moroever, Alfonso Ferrufino, deputy of the ruling Free Bolivia Movement (MBL), a party led by Bolivian Foreign Minister Antonio Aranibar, stated in Congress that the U.S. Congress had "openly" analyzed the possibility of militarily invading this Andean country to confront drug trafficking.

Ferrufino's remarks prompted a discussion between government and opposition congressmen, who accused each other of having generated a situation appropriate for U.S. military intervention in Bolivia, a possibility everyone seems to acknowledge.

The U.S. Embassy in La Paz has not yet made any statement on the matter.

According to official U.S. data accepted by the Bolivian administration, Bolivia is the world's second largest producer of coca, after Peru, and the second largest producer of cocaine, after Colombia. [passage omitted]

Daily Views Situation of Four 'Certified' Countries

PY1703183595 La Paz LA RAZON in Spanish 6 Mar 95 p A5

[Editorial: "Joint Declaration of Four Presidents"]

[FBIS Translated Text] The least that can be said is that the joint declaration, which is also a warning, by the four presidents of countries recently "certified" by the United States over the antidrug fight, is that it deserves the generalized support of the people of all four countries, as well as from the international community.

Drug trafficking—as we report through these pages whenever possible—is going from bad to worse. If it were to receive a grade, the United States should receive the worst of all, although it acts, as in other fields with the same doubtful competence, in its role as the highest authority.

The presidents of Bolivia, Colombia, Peru, and Paraguay have told their U.S. counterparts that responsibility in the antidrug fight is shared, that their failures and virtues are also shared, and that concerning the much-ballyhooed "certification," "some of the criticisms against us are incorrect and unjust, adding that some incomprehension and unawareness must be overcome..."

The summoning of another American antidrug "summit" this year is relevant to the extent that any meeting must make realistic decisions or at least guidelines. Its decisions must be prudent, practical, and not as it has been happening, that is, avoiding the true problem. This revolves around increased drug consumption and trafficking, and the failure of the current antidrug strategies; namely those of the United States.

The really important consideration—which for the time being no one dares to make at a top level international meeting—is that of including, at least for a serious discussion, the drug legalization issue. Until that is achieved, the predominant policy will continue; that of an ostrich hiding its head in the sand.

Government Seeking Society's Consensus on Coca Growing

PY1703163395 La Paz PRESENCIA in Spanish 4 Mar 95 p 1

[FBIS Translated Text] The government summoned political party leaders and the leaders of all national social sectors on 28 February to draft a consensus policy that may definitively smooth a path toward the defeat of drug trafficking.

The government position was explained by Social Communications Minister Ernesto Machicao. He pointed out that only a united front by all Bolivians will enable the country to successfully confront the drug trafficking mafias.

The minister said the U.S. Government's (partial) "certification" of Bolivia "is a way of recognizing the efforts we have been making, as well as our efforts to modernize our economy and strengthen our democracy."

He admitted that deficiencies and omissions in drug-enforcement policies should induce the government and the people to finish drafting a national drug-enforcement policy that reflects Bolivia's desire to eradicate the coca-cocaine problem.

Minister Machicao said on behalf of the executive branch: "Everyone knows President Gonzalo Sanchez de Lozada summoned the nation last September for a national debate about this problem, which was attended by leaders of the most representative Bolivian organizations, the Bolivian Labor Federation to the Confederation of Bolivian Private Entrepreneurs, and the coca growers."

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Machicao regretted the absence at this debate of the leaders of the political parties that oppose the Nationalist Revolutionary Movement coalition. He also regretted that they could not discuss this vital problem and the alleged failures in the anti-drug fight, which has almost left Bolivia out of the international credit organizations.

Machicao reiterated that one of the most complex phenomena of our times is the processing, marketing, and consumption of narcotics. He added: "We say this phenomenon creates economic, social, ethic, and political effects of immeasurable importance in the world. It affects more particularly the countries which, like Bolivia, are structurally more vulnerable."

Ratifying a position expressed by the president of the Republic, Minister Machicao stated that "Bolivia is consistent with the values and principles of its people and confirms its firm decision to comply with its moral duty toward humankind and will continue to restlessly fight drug trafficking and consumption: Not to comply with foreign impositions, but to use its sovereignty and to meet national interests."

Machicao ratified the commitment by the Bolivian Government to fight illegal activities. He indicated that now is the time to find feasible solutions to the problem within the framework of a national dialogue, the conclusion of which is still pending, "despite the government efforts and will to make it a reality."

Former Navy Admiral Surrenders to FELCN

PY1703152295 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 17 Mar 95

[FBIS Translated Text] To the surprise of antidrug officials, former Navy Admiral Miguel Alvarez Delgado has surrendered to the FELCN [Special Antinarcotics Force] and considers himself under arrest.

Alvarez Delgado is on a long list of the so-called narcomarines [Narco-marinos—Navy officers involved in drug trafficking]. Captain Osvaldo Zacate Justiniano is the key element in this case.

In the report he submitted to the FELCN as he surrendered, Alvarez Delgado says his decision seeks to counterbalance a plot by the U.S. Administration to make the Armed Forces disappear, as suggested in the Bush Plan.

Alvarez Delgado said that on two previous occasions, and at the request of Prosecutor Leopoldo Ramos, he showed up twice for questioning. This time, regardless of his critical state of health, he said he has decided to remain within the antidrug force until the situation is clarified.

He said he is doing this to ease the situation of the Navy, the Armed Forces, and his personal dignity, because he has nothing to do with the so-called Mamore cartel.

Vice President Views Popular Participation Process

95SM0247B La Paz PRESENCIA in Spanish 23 Feb 95 p 5

[Interview with Vice President Victor Hugo Cardenas by Marcel Unzueta; date and place not given; first two paragraphs are author's introduction]

[FBIS Translated Text] Vice President Victor Cardenas Conde knows every inch of the shoreline area around Lake Titicaca. We saw evidence of this during a trip to the community of Huanaco, on the high plateau of the La Paz area. After an intense discussion of politics and the rural situation or international cooperation the vice president granted an interview on some of the problems involved in the Popular Participation program (PP).

The fact is that a few days ago there were complaints that the Basic Territorial Organizations (OTB's) are destroying farmers' associations. Vice President Cardenas regretted that this was happening and that many people are unfamiliar with the text of the Law on Popular Participation. However, he did not only speak of conflicts but also of the projected implementation of PP, the positive social control which will be exercised through available resources, and the hope of consolidating democracy.

[Unzueta] Complaints have been heard that the Basic Territorial Organizations are destroying farmers' associations. What are the facts about this?

[Cardenas] I regret that I have heard that report. It reflects a lack of knowledge of the text of the Law on Popular Participation and its basic concept. The Basic Territorial Organization (OTB) is not a new institution. A farmers' association is a basic organization. The secretary general is the head of the OTB. The name only identifies it, but it is not new. For that reason a farmers' association is not contradictory or exclusive, nor is it unaware of the nature of a community and its association.

In the Guarani-speaking area, for example, a community is called a "tentam." The recognition of juridical personality before municipal governments does not mean recognizing a new organization. The promulgation of the Law on Popular Participation does not mean that new OTB's will be created. Those who believe the contrary do not know either the substance of the law or the decrees which regulate that law. o73 The OTB's are not exclusive or different from farmers' associations, communities, or neighborhood committees. From the point of view of communications I believe that the name "OTB" has confused things, rather than clarified them. We should talk about recognition of the juridical personality of neighborhood commissions and communities, rather than the names which they now have: residential areas, sections, associations, segments, or barracks.

[Unzueta] Could it happen that in some areas which wish to be OTB's two organizations could be formed

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simultaneously? For example, a farmers' association and the community organization. Which of the two would be recognized by the government?

[Cardenas] In areas where, say, 200 families live it is possible that they may split up because of internal problems. Let us suppose that the community is called "Machacamarca." There might be two farmers' associations trying to organize themselves. The regulation issued under the Law of Popular Participation states that the town concerned should state what the nature of the problem is. Extending two acts of recognition to people who live in the same place is prohibited.

The first way to resolve this problem is in the hands of the base organization itself. In the Law on Popular Participation it is provided that the two groups concerned should reach agreement. If they do not do so, the municipal government will intervene. The prefect, sub prefect, or other government authority cannot become involved.

[Unzueta] Going beyond the metaphor, what implications will popular participation have over the medium term?

[Cardenas] At a meeting a farmer leader in Chuquisaca agreed to support the popular participation program, provided that the OTB's would control it. I would like to reassure you. Those people in the farmers associations control the OTB's. We will not impose any new authority. The structure of the OTB's does not depend on this or that political party but on the free will of the members of the OTB's.

The implementation of the Law on Popular Participation will have enormous implications for the future. We are sowing the seeds for building a true democracy. It is no exaggeration to say that democracy so far has moved through the streets and avenues of the cities. The ordinary people have not been a part of decision making, nor have they received resources from the central government. The ordinary people have conceived of the state as something totally distant and hostile to them. Now this concept will change, because 20 percent of tax collections will be transferred to the towns. They will invest this money in the solution of their immediate needs.

The central government is not washing its hands of this matter. Through foundations and other institutions it will continue to o73 help the people. A first consequence will be that towns which are now far removed from the cities will feel a part of the decision making process. Their authorities will be recognized, and a different dynamic will be unleased. At first there will be difficulties which will be hard to overcome. However, with time I believe that this system will take root.

[Unzueta] If in fact zeal to protect resources can be a positive development, would this not lead, over the long term, to a form of social control?

[Cardenas] We should not be afraid of social control. The investigation of the use of resources at the municipal level is a matter for members of the municipal councils, not committees of vigilance. Every democracy has effective mechanisms for social control. Now with committees of vigilance and by means of the vote, municipal authorities not only will be elected with the votes of people living in the towns but also in the communities.

The popular participation program will expand the social proportion of the democratic and electoral system and the mechanisms for making decisions.

[Unzueta] The popular participation program is a thesis. Every thesis has an antithesis. What is it in this case?

[Cardenas] I would say that the popular participation program is beginning to be a hypothesis confronted with reality. Basically, the thesis which we wish to demonstrate is the fact that the system of centralism under which Simon Bolivar lived will not lead to substantial change. As long as decisions are absolutely limited to the urban level and that of the central government, there will be no viability in the countryside. Therefore, we are decentralizing decision making and taking action in a process of the authentic democratization of political and financial power.

In 1994 we handed over about 600 million bolivianos to the municipalities. In 1995 about 1.2 billion bolivianos will be turned over to them.

[Unzueta] In the eastern part of the country people are demanding a law on decentralization. Why do they not understand that what is being done, in fact, is decentralization?

[Cardenas] In effect, this is decentralization at the municipal level. Previously, we had about 20 municipalities. Now we have 308. Between the central and municipal governments we need departmental coordinating institutions. Each municipality thinks of itself and does not tend to think about its neighbor. Development corporations will perform this coordinating role. Now this process—let us call it municipalization—does not exclude the development of decentralization. This is one way of decentralizing political and financial power.

The prefect, assisted by a team of secretaries, can act as a o73 coordinating institution with the help of the corporations. Let us talk about these, rather than about departmental governments, because here we are beginning to touch on aspects which relate to federalist concepts.

[Unzueta] Whenever we think about and then begin on a major project like this one, we generally make a prognosis. What is the prognosis of the popular participation program?

[Cardenas] Over the short term the organizations excluded from the process will have a greater level of participation. The distribution of shares of stock, through the pension system contemplated in the capitalization program, will expand the coverage of social security from about 12 percent to 85 or 90 percent.

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Basically, we want to move forward with building and consolidating democracy.

Capitalization Costs of State Enterprises Listed

95SM0247A La Paz PRESENCIA in Spanish 24 Feb 95 p 3

[FBIS Translated Text] The state owned company with the largest estimated, capitalized value is the YPFB [Bolivian Government Oil Deposits Company], which is believed to be worth more than $700 million. The company with the smallest, estimated capitalized value is the ENAF [National Smelting Company], which is believed to be worth $40 million.

This evaluation of capitalized costs, together with other, complementary data, was submitted to the government in a "Confidential Report" prepared by the Economic Policy Analysis Unit (UDAPE).

This study was undertaken in 1994 with an evaluation of the value of the assets, levels of production, and projected prices of each of the six state enterprises going through the process of capitalization.

This analysis (to which PRESENCIA had access) provided the following scale of valuations in millions of dollars for each of the state owned companies.

Approximate Capitalization Cost of State Owned Companies

Company	Approximate Capitalization Cost
YPFB	$700-800
ENTEL	$300-350
ENFE	$170-180
ENDE	$150-160
LAB	$50
ENAF	$30-40
Total	$1.35-1.58

YPFB [Bolivian Government Oil Deposits Company]

ENTEL [National Telecommunications Company]

ENFE [National Railway Company]

ENDE [National Electricity Company]

LAB [Lloyd Bolivian Airlines]

ENAF [National Smelting Company]

o73 This scale of values or costs of the state owned companies will be used by the government as a basis for determining the definitive prices of the companies.

According to a report by Luis Carlos Jemio, executive director of UDAPE [Economic Policy Analysis Unit], the methodology used to determine these costs was based on the estimated value of company assets, the level of production, and prices projected over the future or for a given period of time. The latter consideration was a function of company income and dividends generated during the process of capitalization.

According to Jemio, "the resulting value is 50 percent of the future value of the capitalized company." That is, on a given date and "given the condition of the companies," they will have a value which will be "doubled" by the end of the capitalization process.

Jemio supported his position by pointing out that the law on capitalization provides that 50 percent of the stock of the capitalized companies will be distributed to the people of Bolivia, through the Pension Fund. The remaining 50 percent of the stock will remain in the hands of the government as the "strategic partner" of the company.

Agrarian Policy 'Threatens National Security'

95SM0247C La Paz PRESENCIA in Spanish 23 Feb 95 p 2

[Commentary by Luis Antezana Ergueta]

[FBIS Translated Text] The so-called action taken by the Agrarian Reform Council has immediately meant the effective repeal of the Law on Agrarian Reform of 1953. It was only supposed to last for three months, but it has turned into an absolutely negative and contrary act, not only for the interests of the farmers as a community, but for those of the whole nation. It has gone so far that it has endangered the internal and external security of Bolivia.

In the first place the action taken has not led by itself to any results worth mentioning during the past two years or so, beyond benefiting a group of bureaucrats, some of whom make more than $3,000 per month, and at the cost of unemployment for more than 300 government officials.

In the second place the effective repeal of the Law on Agrarian Reform of 1953, by bringing the agrarian reform to an end, has resulted in a state of total anarchy in the rural areas of the country, since no authority exists to resolve the

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thousands of cases involving property, land borders, production, and so forth, affecting those who occupy the land. That absence of agrarian laws and authority has had its impact on agricultural production. In 1994 agricultural production declined once again, in no way as a result of climatic factors, which were a minor consideration.

On the other hand, as a result of this policy of total abandonment of agriculture, a series of problems has been created, such as mass migration to the cities and to the Chapare area to grow coca, the need to import more food when we have less foreign exchange available, the intensive erosion of millions of hectares of arable land, and so forth.

However, that is not all. Agricultural business organizations (such as the CAO) [Eastern Chamber of Agriculture] have denounced the fact that this already "famous" action has served no useful purpose. Moreover, it has paralyzed investment in the countryside. This has resulted in a decline in the application of technology in the agricultural sector.

In that sense the magazine PRO-CAMPO and a committee of the o73 Chamber of Deputies have denounced the fact that in the agriculture of the high plateau not even the Egyptian type plow, drawn by oxen, is being used. Instead, on the other hand, farmers are using a "jawbone" type plow normally drawn by donkeys but now pulled by human beings.

As a result of this action our agriculture has taken a real step backwards. It has resulted in greater food dependency in the country. Furthermore, the "agrarian policy" of the present government—a logical extension of that of previous governments—has made possible the return of feudal forms of production and property, with worse characteristics than those of the period before 1953.

However, that is not all. A deputy has just denounced the fact that since this action was taken against the National Agrarian Reform Council, there has been a massive penetration and occupation of land by allegedly Brazilian companies in the eastern area of the Department of Santa Cruz. This occupation of land affects about 3.0 million ha. In practice several provinces of that department are already controlled by foreigners who, moreover, are displacing and robbing Bolivian farmers of their property.

Nevertheless, this whole group of denunciations has not attracted the slightest interest from any of the authorities of the state. In reality, this means that our national territory has been left unprotected. Bolivia is about to lose, before the complaisant gaze of the authorities, about 20-30,000 square km rich in deposits of minerals, petroleum, natural gas, in forested area, and in high quality land.

The results of this antinational and inefficient action taken against the CNRA and the effective repeal of the Law on Agrarian Reform are therefore of extreme seriousness.

However, there is no immediate solution in sight for this problem, since the establishment of a new, agrarian court system is a nebulous and impractical proposal with only dubious legal precedents.

Nevertheless, there is one solution to deal with this unfortunate situation. It consists of implementing the agrarian legislation of 1953 and ensuring that the Agrarian Reform Council functions. This council must be identified with the national and democratic interests of the Bolivian people. However, we are sure that, things being as they are, the situation will continue as they are, based on the characteristics of the present, neocolonial and neofeudal state.

Therefore, repeating these denunciations would seem to be like preaching in the desert and looking for pears on an elm tree.

Brazil

Committee Investigates Sivam Tender, Winning Bid

PY1703133295 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 16 Mar 95 p A6

[FBIS Translated Text] Brasilia—Aeronautics Minister Mauro Gandra has told the National Defense Committee of the Chamber of Deputies that Raytheon was chosen to implement the Sivam [Amazonas Surveillance System] project on the basis of technical criteria. Even though no formal public bid was called for security reasons, he said the tender rules were similar to those set forth by the law that regulates public sector tenders. Gandra said: "The bid was fully transparent," adding that no date has yet been established for signing the contract.

Most deputies were satisfied with the explanation. PSDB [Brazilian Social Democracy Party] Deputy for Amazonas Arthur Virgilio Neto said: "The briefing at the committee showed the winning offer was really the best." The PC do B [Communist Party of Brazil] representatives were the most demanding concerning how the enterprises involved will keep strategic matters secret.

Fernando Gabeira, the PV [Vanguard Party] Deputy for Rio de Janeiro, said Raytheon is unqualified, noting that the U.S. Government filed a lawsuit against it on charges of concealing information and overpricing. This contention was rebutted by Brigadier Marco Antonio de Oliveira, who said the U.S. consul in Rio de Janeiro assured him the case is over. Oliveira added that the Senate has a report from the U.S. Senate noting that there are no more charges against Raytheon.

In his briefing to the Supervision and Control Committee, former Strategic Affairs Secretary Mario Cesar Flores said the process was transparent. He said: "If anything happened, it was not in Brazil, and if the price was reduced because they had access to information, they did not get the information in Brazil." He agreed

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that all doubts concerning Raytheon must be cleared up before signing the contract. He said: "All the steps in the process and all the documents may be scrutinized by whoever wants to scrutinize them."

Doubts Raised About Sivam Winner

PY1703151195 Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Mar 95 p 5

[FBIS Translated Text] Brasilia—The U.S. enterprise Raytheon, which won the bid to supply equipment to the Amazon Surveillance System (Sivam)—a $1.4 billion deal—faced a lawsuit in the United States on charges of overpricing radar installations and concealing information from the U.S. Government, in the 1980's. This report was released yesterday by Fernando Gabeira, the PV [Vanguard Party] deputy for Rio de Janeiro, during a briefing at the national defense committee of the Chamber of Deputies by Aeronautics Minister Mauro Gandra and Strategic Affairs Secretary Ronaldo Sardenberg. Both Gandra and Sardenberg admitted knowing nothing about the issue, but Brigadier Marcos Antonio de Oliveira, chairman of the Commission for Sivam Coordination (CCSivam), confirmed the information supplied by Gabeira.

Oliveira said information from the United States indicates that the lawsuit against Raytheon was finalized and shelved. Oliveira said an investigation was conducted by a U.S. Armed Forces supervisory organ. It detected irregularities in contracts with "more than 100 enterprises," among them Raytheon, however, Oliveira did not explain why Gandra and Sardenberg—whom he had prepared for the briefing—had to run the gauntlet of admitting they knew nothing of Raytheon's past. The government later released a letter from U.S. Senator Edward Kennedy reporting that the lawsuit against the enterprise had been shelved.

After a five-hour public briefing, Deputy Gabeira said: "I want to see the result of that investigation. Will an enterprise that lied to its own country not lie to Brazil?" Gabeira said Raytheon overpriced a $71.5-million deal for the provision of radar to the U.S. Armed Forces, obtaining a profit of $16.5 million.

Oliveira said: "Groups linked to drug traffickers" wanted to participate in the Sivam tender in 1992. He explained that this may be the reason why the National Defense Council authorized the government to implement a selection system, under which Raytheon was chosen after scrutinizing the proposals of 16 countries. Gandra and Sardenberg still have to be questioned at the Senate.

Deputies Briefed On Negotiations

PY1803002395 Sao Paulo GAZETA MERCANTIL in Portuguese 16 Mar 95 p 8

[Article by Maria Helena Tachinardi in Brasilia]

[FBIS Translated Text] Brigadier Marco Antonio de Oliveira, coordinator of the Sivam [Amazon Region Surveillance System] committee, said on 15 March that the Sivam contract had not awarded through an open public tender because the government had had information since 1992 that groups linked to the drug trade would seek to participate in the bidding. Deputy Fernando Gabeira (PV-RJ) [Vanguard Party-Rio de Janeiro] voiced concern over the fact that the U.S. Government had charged the U.S. company Raytheon, the winner of the bidding, with withholding information and overbilling.

The National Defense Committee of the Chamber of Deputies held a public hearing to determine how Raytheon, which is accused of having been favored, was selected to set up the Sivam radar system. Aeronautics Minister Mauro Gandra, SAE [Strategic Affairs Secretariat] Secretary Ronaldo Sardenberg, and Brig. Oliveira—who has been involved in the project since the outset—testified at the four-hour hearing.

Oliveira answered practically all of the questions asked by the deputies. He said that the SAE had a "hypothesis" that groups linked to the drug trade would participate in the bidding, and thus it preferred to select the winning companies without a public tender. Oliveira told Gabeira that the Brazilian Government and the Senate knew that the charges against Raytheon had been dismissed and that the company had not been convicted of any crime. "That is a closed subject," he said. Oliveira added that the U.S. Commerce Department stated that "Raytheon reached an agreement with the U.S. Government, and the U.S. Senate conveyed this information to the Brazilian Senate." He added that the problem with Raytheon involved "a price adjustment issue."

Showing embarrassment at being unaware of this incident, Gandra requested that Oliveira send the Chamber of Deputies a folder with all this information. Sardenberg had not been aware of this incident, either.

Oliveira denied reports that the contract with Raytheon was scheduled to be signed on 15 March. He said that there were five or six clauses that had yet to be negotiated, including the one on intellectual property. He said: "We have to preserve all our rights. A contract is good when it is fair to both sides."

The Sivam coordinator gave some explanations, and justified the selection of Automation and Control Systems Engineering (ESCA) as the company in charge of putting the project together—that is, developing the "software" to operate the Raytheon equipment—because, in addition to being a Brazilian company, ESCA is already working with the Navy and Aeronautics Ministries. He said: "How could we open a public tender to select the company that would work with the main (central) 'software' of the system? Had we done that, our action would have been punishable under the national security laws."

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Deputy Aldo Arantes (Communist Party of Brazil-Goias) asked about reports that Raytheon had tried to impose "software" developed by a Canadian company. Gandra answered that "the Brazilian Government rejected Raytheon's request during the negotiations."

Oliveira made it clear that the Raytheon proposal offered "a better technical solution, a lower price, and lower risks." He said that the United States of America will provide full financing for the project, making it unnecessary for Brazil to turn to the international market to obtain resources. Under the proposal of the French consortium Thomson-Alcatel, the losing bidder, Brazil would have had to obtain resources from the international market. The U.S. financing offer totals $1.395 billion, which is broken down as follows: $1.023 billion from Eximbank, $48 million from the suppliers, $85 million from EKM of Sweden, and $239 million from Raytheon. The United States will charge a 9 percent interest rate. Brazil will repay the Eximbank loan with an eight-year grace period. The grace period for the EKM loan is three years; and for the Raytheon loan five years. Over a three-year period, Brazil will pay $20 million. At the end of 10 six-month periods, the system will be functioning and the government would have paid $260 million over five years.

Out of the total of $1.395 billion, $547 million will be earmarked for financing equipment and services to be supplied by Brazilian companies. Asked about the danger of foreign companies taking control of ESCA, Gandra admitted that this is possible, but noted that "commercial intelligence is more effective than military intelligence." He was thus alluding to the question of secrecy.

Sardenberg said that the SAE "has launched a campaign to make each ministry aware of the advantages of Sivam," and that the project will supply useful information to many government components. Gandra reiterated that "the president of the Republic is firmly determined to implement the project."

Foreign Minister on Trade With Europe, Impact of Peso Crisis

BR2003154895 Paris LE FIGARO (LE FIGARO-ECONOMIE Supplement) in French 17 Mar 95 p 3

[Interview with Brazilian Foreign Minister Luis Felipe Lampreia by Jean-Louis Peytavin; place and date not given: "Mercosur Wants To Be Europe's Priority Partner"]

[FBIS Translated Text] [Peytavin] In the wake of the Mexican crisis and the problems experienced by Argentina, is Brazil now in a more vulnerable situation?

[Lampreia] Brazil is sheltered from a crisis of this kind. First because we do not have a current trade deficit, and second because we have accumulated central bank reserves of $40 billion.

[Peytavin] Nevertheless, some $1.3 billion in capital flooded out of the country in February and this phenomenon is continuing...

[Lampreia] This is essentially short-term investment capital which was attracted in the first place by good stock exchange yields and by our interest rates. Moreover, we have been the subject of some intense speculation by financial institutions because of the devaluation of the real. Since the start of the real plan in July 1994, inflation has stood at around 25 percent, but the currency has risen considerably in value and this threatened our exports.

We, therefore, decided to let the currency fluctuate in quite a broad band to enable it to reach more or less parity with the dollar. The banks immediately tested our resolve by undervaluing the real and forcing us to spend $5 billion which we have since partly recuperated. We have, therefore, come through a difficult period and doubtless there will be others...

[Peytavin] What has been the effect for the Brazilian economy and for trade within the Mercosur [Common Market of the South] bloc?

[Lampreia] Despite the rising real we managed to achieve record exports in January and February, but above all we saw imports reach worrying proportions. Car imports, for example, rose to $500 million per month. Our economy is overheating and our production installations are working at maximum capacity. We are forced to take steps to cool the economy by increasing import taxes and hiking interest rates. It is certain that there will also be a slowdown in the expansion of trade with Argentina. Our neighbor has just taken steps with the help of the IMF that will also reduce the growth of its economy and, therefore, our bilateral trade.

[Peytavin] How do you think Brazil is viewed abroad?

[Lampreia] I can see real relief in the light of the current stability of our economy. Everyone was expecting this confused giant to finally restore a bit of order in its affairs. What is more, our president, Fernando Henrique Cardoso, has an excellent image abroad, which is an advantage.

[Peytavin] How do you view relations with the EU [European Union]?

[Lampreia] We have already held talks that led to a major reduction in customs tariffs in the framework of GATT, reductions of up to 45 percent for Brazil. I think we have gone as far as we can in the short term. We cannot go any further for the time being without running into overly-sensitive agricultural or industrial issues. Our aim is to sign a framework agreement for free trade which could gradually widen to take in half of our bilateral trade.

As for Europe, it considers us Mercosur countries as priority partners. At the current stage of negotiations we have all gone much further with Europe than with our larger American neighbors.

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Planning Minister Outlines Macroeconomic Strategy

PY1803033595 Sao Paulo AGENCIA ESTADO in Portuguese 2149 GMT 17 Mar 95

[Report by Janice Caetano]

[FBIS Translated Excerpt] Rio de Janeiro, 17 Mar (AE)—Planning Minister Jose Serra announced here today that the government's macroeconomic strategy is based on "four noes": The government says no to fomenting recession, and yes to regulating the pace of Brazilian economic growth; it is not the government's objective to have a permanent policy of high interest rates; the government will not set up a widespread system of import quotas; and the government says no to reducing investments by state-owned companies, and yes to cutting current expenses. He also said that the government is studying the application of the TJLP (long term interest rate), which is already being used by the National Bank for Economic and Social Development, to mortgage loans. [passage omitted]

Serra had lunch today at the Rio de Janeiro Commercial Association [ACRJ], where he arrived nearly two hours late because of a traffic jam provoked by a demonstration against President Fernando Henrique Cardoso who was attending an event near the ACRJ building. In his lecture Serra emphasized the government's priority of guaranteeing stability, and noted that it is sharpening its focus on accelerated economic growth. [passage omitted]

Serra also denied the creation of import quotas, and reported that the government is seeking new ways to increase exports by setting up new lines of credit for exporters. He added that instead of raising the Common External Tariff [CET] at Argentina's request, the Brazilian Government will expand the Brazilian list of exceptions to the CET.

Legal Amazon Affairs Coordinating Secretary Installed

PY1703144595 Brasilia Radio Nacional da Amazonia Network in Portuguese 1000 GMT 17 Mar 95

[FBIS Translated Text] The new secretary for the coordination of Legal Amazon Regional affairs has been installed. He promised to continue to implement the program to protect tropical forests.

During his installation ceremony, Jose Seixas Lourenco said his mission is to make feasible the implementation of programs to strengthen the region. He said he will continue to implement the tropical forests protection program, which involves resources totaling $130 million for the first stage of the program.

[Begin Lourenco recording] There already is a long list of projects and programs, which involve resources totalling $130 million for this first stage. We plan to draft, by July, a series of further programs and projects that will involve fundamental infrastructural projects in the region, for example, in energy and transportation. This work will be conducted by the Secretariat for Coordination of Legal Amazon Region Affairs and will involve very important coordination and negotiation work.

Our secretariat sees its mission as negotiating and making feasible existing initiatives. [end recording]

At the end of March, President Fernando Henrique will meet the nine Amazon Region governors. He will then announce the government policy for the region.

Common External Tariff To Be Hiked at Argentina's Request

PY1703202695 Rio de Janeiro JORNAL DO BRASIL in Portuguese 16 Mar 95 p 12

[FBIS Translated Text] Brasilia—At the request of Argentina, the Brazilian Government has agreed to make more expensive the importation of almost 9,000 products on the Common External Tariff (CET) list, which was made up by the four Mercosur [Common Market of the South] countries. Presidential spokesman Sergio Amaral said that President Fernando Henrique Cardoso decided to accept the Argentine proposal on one condition: A list should be made of those products having greater impact on living costs, for which the Brazilian Government will be free to increase or decrease import tariffs.

The idea is to prevent the price of those products from being pressured. "While Brazil is willing to agree to a proposal from a commercial partner, Argentina, on the other hand it does not want to lose control over imports as an instrument for economic stabilization," Amaral said. The Common External Tariff list includes above all machines and equipment, informatics and telecommunications products, food products, and consumer goods. The import of a good many of these products will become more expensive as a result of the agreement with Argentina.

The Argentine request is a result of the measures adopted to reduce the Argentine balance of trade deficit. In the proposal made to the Brazilian Government on 13 March, Argentine Economy Minister Domingo Cavallo mentioned two alternatives to discourage imports and reduce the effects of the serious exchange crisis. The first alternative provided for a three percentage point increase in the tariffs paid on the 9,000 CET list products. The other alternative provided for the return of a surcharge, the statistical tax, equivalent to a 3 percent increase in taxes.

The Argentine proposal was improved at a foreign trade chamber meeting presided over by Civilian Household Minister Clovis Carvalho. Sergio Amaral, the chamber's executive secretary, reported that consideration is being given to the possibility of raising the import tax by 2 or 3 percent on CET list products, or raising all existing taxes by 20 percent. In either case the average import tax of the Mercosur countries will rise from 12 to 14 percent.

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Government Not To Increase Tariff

PY1803015695 Sao Paulo AGENCIA ESTADO in Portuguese 1913 GMT 17 Mar 95

[Report by Carlos Franco]

[FBIS Translated Text] Brasilia, 17 Mar (AE)—Brazil has decided not to raise the Common External Tariff (CET) by three percentage points, as requested by Argentina. Brazil will nonetheless allow Argentina to implement this increase on its own, given the petition from Argentine Economy Minister Domingo Cavallo. On the other hand, during the next Mercosur [Common Market of the South] meeting Brazil will ask its Argentine, Paraguayan, and Uruguayan partners to make the import tariffs more flexible for products that could affect the stability of the real, because of supply and price problems that generate inflation.

This was announced today by Planalto Palace Spokesman Sergio Amaral, who said that the Brazilian Foreign Trade Chamber last night concluded during a meeting that "Brazil does not have trade balance problems, and does not need to adopt fiscal adjustment measures like those in Argentina that would justify an increase in the CET."

Amaral said that this does not mean going back on a decision, even though two days ago he announced that Brazil would accept the Argentine petition, because "President Fernando Henrique Cardoso's order that the Argentine petition be analyzed positively was obeyed in allowing Argentina to raise its import tariffs."

Although the CET is a common import tariff for the Mercosur countries, there is no problem in having one country change its import tariffs on an exceptional basis for a year, as long as the other member countries agree. The Brazilian petition to make its import tariffs more flexible is also for a period of one year. Amaral did not reveal what products would be affected, nor what percentage they represent of the list of exceptions, in which informatics products are included among others.

Amaral admitted that the Brazilian trade balance deficit in February will probably be greater than in January—the deficit is expected to be greater than $1 billion—"but it is not worrisome because the increase was a result of capital goods imports," he said. The government considers these kinds of imports to be positive, Amaral said, because they represent investments in production. This has been the fourth consecutive month with a negative trade balance, with imports surpassing exports.

Amaral also denied that the government is planning to adopt measures to restrict imports because of the trade balance deficits. He said that the presidential decree with trade safeguards is meant only to adapt Brazil to the new rules of the Uruguay Round of the GATT talks, including those concerning anti-dumping practices (when a country sells goods to another country at prices below those charged in the country of origin); the restriction of sales of large-scale goods by means of quotas; and the regulation of environmental and sanitary security norms, as well as those for weapons and chemical materials.

Businessmen Reject CET Increase

PY1803021295 Buenos Aires TELAM in Spanish 1803 GMT 17 Mar 95

[FBIS Translated Text] Rio de Janeiro, 17 Mar (TELAM-SEM)—The Argentine proposal to raise the Common External Tariff (CET) of the Common Market of the South [Mercosur] has been well received by the Brazilian Government, but not by Brazilian businessmen, who consider the measure to be a step backwards in the Brazilian economic opening process.

Namir Salek, member of the foreign trade council of the Sao Paulo State Federation of Industries (FIESP), said: "It is a measure that will increase internal distortions and will be detrimental to our interests, because we want the CET rate to allow a certain degree of internal competition."

Lia Walls Pereira, director of the Brazilian Institute of International Relations of the Getulio Vargas Foundation (FGV, a private organization), criticized the Argentine position of raising the import tariffs on products from third countries by three percentage points.

Walls Pereira, an economist, said: "It would be more reasonable for Argentina to put those products that could have a greater impact on its economy on its list of exceptions to the CET."

Experts believe, however, that the Argentine proposal has brought "relief" to the Brazilian Government, which has suffered trade balance deficits for the past four months.

Ricardo Markwald, coordinator of the Central Foundation for Foreign Trade Studies (Funcex), said: "I believe that never before has an Argentine proposal been as welcome as this one, and that the Brazilian Government will endorse it."

Brazilian Foreign Ministry sources have reported that despite supporting the idea of raising the CET, the Cardoso administration disagrees with the Argentine proposal of raising by three percentage points the tariffs that have been in force since 1 January, when Mercosur went into effect.

According to unofficial reports, the Brazilian trade balance had a record deficit of $1.1 billion in February, thus bringing to $2.6 billion the deficit accrued over the past four months.

A return to Brazilian trade account surpluses has become one of the main instruments touted by the Cardoso administration to at least compensate for the imbalance in its current transactions account, which has been

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compounded by the massive flight of foreign capital from Brazil since the eruption of the Mexican crisis in December.

The Central Bank reported that Brazilian current transactions account had an accrued deficit of $4.563 billion from 1 January to 15 March.

Editorial Welcomes Modernization of Communications Policy

PY1703212195 Sao Paulo FOLHA DE SAO PAULO in Portuguese 15 Mar 95 Section 1 p 2

[Editorial: "The Gold Mine"]

[FBIS Translated Text] Government studies to place restrictions on radio station and television channel franchises and to charge for granting communications services are very much welcome. Such steps are even late.

For a long time the franchise system has been used as a petty and mean political currency exchanged for favors. To get an idea of how things were handled, it is enough to say that of the 57 national radio stations and television channels, 20 are in the hands of relatives or allies of political leaders.

This policy is absurd. It allows certain groups to maintain enormous political power by dominating the radio and television newscasts, which are extremely important in shaping public opinion.

It is the government's duty to make certain that access to information broadcasting remains as democratic as possible and follows technical, and not political, criteria.

The idea of charging significant sums for the franchise and use of communications services must also be praised. It may sound ridiculous, but all that a television channel has to pay to the government is a fee ranging from 217.66 reals [R] to R435.33 per year.

The system of trunking (mobile telephone system meant for companies) must be analyzed separately. Companies do not have to pay for permission to use the system, although they gain absurdly high profits as a result of it. According to Communications Ministry studies, every bill of R100 gives the exploiting company an profit of R83, as the service costs on average but R17. This represents an incredible profit of 488 percent.

It is, therefore, more than fair to make the companies that exploit communications services pay for their right to use the Hertz waves, which represent an asset that belongs to all Brazilians.

If the Fernando Henrique Cardoso administration succeeds in modernizing the policy that has always governed telecommunications in Brazil, it will have rendered a great service to the country. In the era of chips and superhighways, telecommunications are indeed as good as gold.

Chile

Frei Says Lessons To Be Drawn From 'Mexican Disaster'

AU1703201595 Zurich NEUE ZUERCHER ZEITUNG in German 17 Mar 95 p 11

["Sma"-attributed report: "Necessary Lessons From the Case of Mexico"]

[FBIS Translated Text] Even in Chile, which has turned into a Latin American model of economic and political stability in the past few years, the responsible officials are still suffering from the shock caused by the peso crisis at the beginning of the year. In keeping with his modest and somewhat pale nature, Chilean President Eduardo Frei, the grandson of Swiss emigrants who has ascended to the highest political office, admitted frankly in an interview with NEUE ZUERCHER ZEITUNG that his country, too, is not completely immune to such a shakeup, in spite of the fact—he added this emphatically—that Chile is the only country in Central and Latin America with a BBB+ rating. Thus, Chile is absolutely credit-worthy among all major financial institutions and in all important financial markets in the world, despite its foreign indebtedness that amounts to 40 percent of its GDP.

However, Frei believes that several lessons should be drawn from the Mexican currency disaster. On the one hand, it has once more become clear that one should make efforts to ensure macroeconomically stable framework conditions and a balanced budget. On this issue, even the Western industrialized countries can learn something from the Latin American "tiger," particularly because, at a balance of payment surplus of approximately 2 percent of the GDP, the state contributed to the high saving ratio in the country, which is being additionally favored by a 21-percent saving ratio in the private sector—a value that is relatively high for a Latin American country—as Frei pointed out. This entails a smaller dependence on foreign savings deposits, which is also necessary for financing domestic demand. That should not be underestimated in view of a possible "tequila" effect.

On the other hand, in the event of a long-term passive balance of payments—which is typical of threshold countries— one should pay particular attention to the origin and use of the foreign funds, Frei stressed. The Chilean state president stated that the turmoil in Mexico, which had largely covered its foreign trade deficit with short-term and speculative funds, has shown that his country is pursuing the right policy. Thus, in the event of short-term investments, Chile is trying to protect itself against the inflow of "hot money" by insisting on a central bank deposit that has to be frozen for at least one year. Yet Frei's statement that a "solution" must be found within the G-7 for the short-term deposits, which he estimated at $1 trillion worldwide, shows that he has a somewhat distorted understanding of the market.

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According to Frei, it is above all Chile's long-standing belief that the state should not be involved in production that ensures a favorable economic environment that mainly promotes foreign direct investments in production facilities. In this connection, Frei rejected criticism that Chile is pursuing a hesitant privatization policy in certain areas, mentioning the cautious opening of copper mining to foreign investors, initiated in 1992, and the concessions granted in the sphere of telecommunications last year.

Asked about Chile's reluctance to participate in integration efforts on the South American continent (Mercosur, Andes Pact), Frei cited the country's desire to achieve a far-reaching integration into the world economy as its major goal. Because of the 36-percent share of exports in the GDP, which is extraordinarily high for a Latin American country, and in view of the remarkable geographical diversification of the exports, Chile is greatly interested in open markets. However, so long as the membership—in Mercosur, for example—would entail an increase in the 11-percent uniform Chilean tariffs to up to 30 percent for a number of imported goods, Latin America's model country is not willing to deviate from the policy of "open regionalism" in the foreseeable future.

President Returns From European Tour, Stresses Stability

PY2003143295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 20 Mar 95

[FBIS Translated Excerpt] Upon returning from his European tour yesterday, President Eduardo Frei made a fervent call on Chileans to protect the country's political stability.

[Begin recording] [Unidentified reporter] President Eduardo Frei arrived early yesterday morning aboard a commercial airliner after concluding his European tour. After being greeted by the acting president, the acting foreign minister, and other officials, President Frei reassumed the presidency during a ceremony in a hall of the airport. President Frei emphasized the importance of the trade, political, cultural, and scientific agreements signed during his tour.

[Frei] What European political, labor and union, and business leaders appreciate most about Chile is its economic, social, and political stability. This is the most important aspect these leaders see in our development as a nation and this is why my message to the country upon returning is this: Let us protect this stability which we obtained with so much effort. This is the most important, the most valuable, asset we have; let us not lose it. [passage omitted] [end recording]

Insulza, Visiting Brazilian Foreign Minister Discuss WTO

PY1803013095 Santiago EL MERCURIO in Spanish 4 Mar 93 p C3

[FBIS Translated Text] Chile is evaluating the situation concerning support for a new candidate to head the new World Trade Organization (WTO) after the withdrawal of former Mexican President Carlos Salinas de Gortari.

This comment was made yesterday by Foreign Minister Jose Miguel Insulza after a long working meeting with his Brazilian counterpart Luiz Felipe Lampreia at the Chilean Foreign Ministry.

He said this issue was discussed by the two foreign ministers. He explained that in the Chilean case "we are evaluating the situation, because Salinas was our candidate and we now have to see what other choices we have."

Salinas de Gortari was the official candidate of the entire region to head the WTO, which replaced GATT on 1 January 1995. There are now only two candidates left, the Italian Renato Ruggiero of the European Union and South Korea's Kim Chol-su, representing Asia, if Latin America does not find its own candidate to replace Salinas de Gortari.

In this regard Foreign Minister Insulza supports the idea that in the region "we should at least reach some kind of agreement to support one candidate" if Latin America does not have one.

Insulza said that "Brazil has not proposed anything." Though he admitted that Foreign Minister Lampreia had explained his country's position, he said it was not up to him to disclose it. He added: But we are, naturally, more in a process of dialogue than establishing a common position.

Supreme Court Authorizes Extradition of Cali Cartel Member

PY1603182995 Madrid EFE in Spanish 2115 GMT 13 Mar 95

[FBIS Translated Text] Santiago, 13 Mar (EFE)—The Supreme Court of Chile today approved the extradition of a Colombian citizen, a member of the Cali cartel who had sought refuge in Chile to avoid being sent to the United States on charges of cocaine trafficking.

Harold Gonzalez Gonzalez was sought by the District Penal Court of the State of New Jersey (United States), which, on 6 August 1990, initiated legal proceedings against him, charging him with "illegal possession of and attempt to distribute cocaine."

Gonzalez was arrested on 28 February 1994 in Chile by Interpol (International Police) agents, and was placed at the disposal of Supreme Court President Marcos Aburto, who acted as first instance judge in this case.

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The 52-year-old Colombian citizen, who was born in Cali and is a farmer by profession, was linked to the ring headed by Pablo Escobar, killed in 1993 by the Colombian Search Squad (joint Police and Army forces), through the selling and distributing of narcotics, as well as money "laundering."

Proof that Gonzalez is involved in drug trafficking was provided by the DEA, which followed his movements in the United States as well as in Colombia. There are recordings of Colombian contacts for the sale and delivery of drugs.

Colombia

Samper Goes to Arauca, Vichada, Comments on Eastern Command

PA1803025595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 18 Mar 95

[Report by Orlando Guerrero from the "Seven O'Clock Newscast"]

[FBIS Translated Text] The situation along the border remains tense despite the diplomatic statements made by the Colombian and Venezuelan foreign ministers and presidents.

President Samper showed up today in Arauca and Vichada in a demonstration of sovereignty, and area residents staged nationalistic demonstrations.

President Samper Pizano's visit was one of the most important events that have taken place in Arauca Department over the past few months; nevertheless, everyone's voice was not heard. Colombians and Venezuelans who live in the border area have their own opinions concerning the border issue.

In El Amparo, a small Venezuelan hamlet, residents blame their own government for the conflicts with Colombia:

[Begin recording] [Unidentified speaker] We have fished at the edge of this river and have always navigated here. The Venezuelans sometimes see us pass by on our barges and fire at us.

[Samper] We will study on the spot the conditions in which the Eastern Unified Command will be set in motion. The Command will allow us to have a much more active presence in this border area so that incidents such as these will not be repeated. [end recording]

Armed Forces Explain Purpose of Eastern Unified Command

PA1803023895 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 18 Mar 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Today, the Armed Forces explained the purpose of the Eastern Unified Command [Comando Unificado de Oriente—CUO].

The CUO will begin operating in Arauc in less than six months and will guard the entire Venezuelan border. This announcement was confirmed by Defense Minister Fernando Botero, who said the measure will neutralize subversive action along the Colombian-Venezuelan border:

[Begin Botero recording] The president has visited this border area primarily to express the national government's commitment to constructing the CUO, which will be a very important base that will provide protection and security for all border inhabitants. Colombia thus pledges to maintain the foundations of true border security. [end recording]

The CUO will have at least 3,000 men from all the forces—Army, Navy, Air Force, and Police—and will receive all the logistical and aerial support it will require to function:

[Begin Army General Camilo Zuniga recording] Basically, the CUO will be formed by contingents from the Army and Marine Infantry and will receive all the support it needs from the Air Force. It will also have sufficient troops to deal with any abnormal situation in the area. [end recording]

Top FARC Leader Dies Following Long Illness

PA1703182095 Mexico City NOTIMEX in Spanish 1743 GMT 17 Mar 95

[FBIS Translated Text] Santa Fe de Bogota, 17 Mar (NOTIMEX)—Manuel Marulanda, the top leader of the Revolutionary Armed Forces of Colombia (FARC) who is also known as "Tiro Fijo," died Monday in the mountains of southern Colombia, the FARC Command reported today.

Commander Ivan Marquez, member of the FARC leadership, the largest guerrilla group in Colombia, told Radio Super that the legendary "Tiro Fijo," 81, died following a long illness.

Ecuador

Minister Says U.S. Observers' Problems Will Be Resolved

PA1803015295 Quito Voz de los Andes in Spanish 2300 GMT 17 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Ecuadoran Defense Minister Jose Gallardo has said that the problems U.S. observers have been experiencing will be resolved in the next few days and that the mission of the guarantor countries will be reassuming its tasks in the conflict zone.

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It has been reported the absence of the U.S. delegates is due to some impediment resulting from U.S. laws.

Gallardo has said there has been no incident in the border region, a fact which facilitates the work of the military observers of the guarantor countries. Gallardo has reiterated the Cenepa region posts are still under the control of Ecuadoran troops.

Regarding the pacification process, he believes there is a sincere will to concentrate and demobilize the forces at the border region.

We hope everything returns to normal in our country, so the Ecuadoreans, particularly those in the border region, may return to their normal activities.

Congress Against New Taxes To Cover Conflict Expenditures

PA1803033995 Quito Voz de los Andes in Spanish 2300 GMT 17 Mar 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] The Ecuadoran Congress does not want to approve any more taxes to cover expenditures resulting from the war with Peru, congressmen have been saying.

Congressmen agree on impeding the approval of new taxes on the Ecuadoran people. Heinz Moeller, president of the National Congress, has said the country's poor have paid most of the bill resulting from the conflict.

The government has presented a bill to eliminate exonerations on the value-added tax and is analyzing the possibility of increasing the tax on houses. Congress approved in February the creation of taxes that will generate approximately 230 billion sucres; that is, $96 million. Out of this money, 90 billion sucres, $37 million, come from taxes on vehicles. Taxes will also include a onetime only forfeiture of two days' salary, to be paid by public and private employees.

The purpose of these measures is to obtain resources to pay for the costs of the war with Peru and to avoid imbalances in the 1995 economic program.

Moeller has said: We have proposed that the government face expenditures by adopting fiscal measures to readjust the budget. He added: The state can tighten its belt more and not just ask the people to do it. Moeller is a member of the opposition Social Christian Party.

Santiago Bucaram, chairman of the congressional Budget Commission, has accused the government of taking advantage of the conflict to impose economic measures. He has said: The government has enough resources to face military costs. Bucaram, of the opposition Ecuadoran Roldosist Party, has charged: It is taking advantage of the situation to implement measures that will produce hunger, misery, and inflation.

Bucaram has said that the executive branch's proposal has no support in Congress and that the commissions will reject the VAT Bill.

The government has collected approximately 60 billion sucres, $25 million, from vehicle registration fees. Seventy percent of vehicle owners have paid this tax.

EU, Rio Group Declaration Recognizes Ecuador-Peru Conflict

PA1803215395 Quito Voz de los Andes in Spanish 1200 GMT 18 Mar 95

[From the "Voz Andes Newscast"]

[FBIS Translated Text] Ecuador has obtained important recognition from the EU [European Union] and the Rio Group of the existence of the territorial problem with Peru and of the need for a peaceful solution to the conflict.

Ecuadoran Foreign Minister Galo Leoro Franco convinced the fifth foreign ministers meeting of the Rio Group and the EU, held in Paris yesterday, to include in the meeting's joint declaration a recognition of the Ecuadoran-Peruvian territorial conflict. The declaration was adopted by consensus. This is the first time the foreign ministers of the two regions have approved a declaration on the topic.

Consistent with statements made by the French presidency of the Council, the European Commission, and the European Parliament, the European representatives stressed the importance they attach to consolidating peace and finding a just, dignified solution to the territorial conflict affecting both Peru and Ecuador.

Ecuadoran Foreign Minister Galo Leoro, as acting secretary of the Rio Group, held a long meeting with the French foreign minister and gave him the background on the Ecuadoran-Peruvian territorial problem.

During bilateral meetings held with his European counterparts, the Ecuadoran foreign minister explained Ecuador's position and extended an invitation for continued participation in the peacekeeping process for a lasting solution to the problem. The foreign minister also spoke with reporters accredited to the meeting on these same issues.

At the end of the ministers meeting, the Ecuadoran and French foreign ministers, accompanied by the vice president of the European Commission, answered questions posed by hundreds of reporters at the news conference regarding the results of the meeting and the future of biregional relations with the EU.

Government Rules Out Popular Consultation on Border Issue

PA1903040195 Quito Voz de los Andes in Spanish 1200 GMT 18 Mar 95

[From the "Voz Andes Newscast" newscast]

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[FBIS Translated Text] The Ecuadoran Government does not think there should be a popular consultation on the territorial issue and the final settlement thereof. Government Minister Abraham Romero says the government is gathering the opinions of experienced Ecuadoran personalities but that he believes a popular consultation is undesirable.

[Begin Romero recording] The government does not believe this subject should be debated in a popular consultation. The government does believe, however, that opinions should be gathered from the various social and political sectors, and it has already begun to do so. The possibility of submitting the territorial issue and probable solutions to a popular consultation has not been considered. Personally, I think it would be undesirable. [end recording]

Consequently, the proposal of several political sectors to hold a popular consultation so the people can decide on a fair and final settlement of the territorial issue between Ecuador and Peru has been ruled out.

DOMSAT Expected To Meet Rural Telecommunications Needs

95SM0237B Quito HOY in Spanish 24 Feb 95 p 8A

[FBIS Translated Text] A new transmitting antenna at the Quito Ground Station has just been installed, and the State Telecommunications Company (EMETEL) is testing it. The antenna is part of the DOMSAT [Domestic Satellite] system. According to EMETEL plans, the DOMSAT system will begin to function by the end of 1995.

DOMSAT, the Ecuadoran domestic satellite project, will handle telecommunications demand at the rural level. At present, with the exception of the Province of Galapagos, no satellite telecommunications system is available at the rural level. Telecommunications needs are handled by land transmission systems. DOMSAT will provide reliable, high quality service, using modern, digital communications techniques.

DOMSAT will have 44 remote stations, to be installed throughout the country during the next two or three months, according to Dr Sergio Flores, executive president of EMETEL. The antennas will be from 4.5 to 7.2 meters in diameter, depending on the number of channels to be installed. The principal antenna is designed for national traffic exclusively.

The towns which will benefit from the DOMSAT system are principally in the Eastern area of the country and are geographically at some distance from each other. For this reason access to them by land is difficult.

In EMETEL's Region 2 there are 14 remote stations.

The basic service which this system will provide is telephone communications. However, EMETEL plays to include facsimile [fax] and low velocity data transmission services.

In cases of emergency, such as natural disasters, the new land station provided under this project is transportable, so that communications services will not be interrupted.

Furthermore, this project is important because it uses the investment which EMETEL is making in the "Intelsat" [International Telecommunications Satellite] system. o73 "Intelsat" is an international organization of which Ecuador has been a member since 1970. It is developing the structure of commercial communications by satellite.

Sergio Flores, executive president of EMETEL, was asked by a HOY representative: "Does the implementation of this [DOMSAT] project mean that the projected privatization of EMETEL will not endanger possible expansion of telephone service in rural areas?"

He answered: "Everything depends on how things are defined. The contract will set out the goals of the coverage to be achieved. Among these goals are the provision of rural telephone service and the areas which will receive special treatment, such as direct subsidies. The company chosen to promote the sale of 35 percent of the shares of EMETEL stock will have to carry out studies of this matter. Rural telephone service will have to continue being financed by other areas of service with direct subsidies."

Flores is an advocate of eliminating the "mixed" subsidy which relates international to domestic telephone rates. For this purpose it is proposed to establish rates equal to EMETEL's marginal cost, plus a reasonable return. This would make it possible to lower international telephone rates to competitive levels.

The cost of the project is $14.4 million, with 90 percent of the financing provided from within the company and the rest from a "soft" loan extended by the Canadian Government. Initially, it was planned to finance the system with a loan from the World Bank. However, the World Bank set very harsh conditions for such a loan.

The project should enter into operation at the end of 1995. According to Flores, the Intelsat 7 satellite, with which it was going to operate, should have been launched in the United States in December 1994. There were problems with the rocket, and the launch was postponed until the beginning of 1995.

The executive president of EMETEL said: "Meanwhile, we are negotiating with 'Intelsat' to let us use another satellite."

Prospects for Regional Integration Observed

95SM0235A Quito (Internet) Foreign Ministry Gopher in Spanish 7 Mar 95

[Commentary by Eduardo Larrea from Quito EL COMERCIO 6 Mar 95: "Conflict and Integration"]

[FBIS Translated Text] Some economic analysts, even before the most recent conflict with Peru, expressed the

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view that the integration of the Cartagena Pact countries into an Andean common market could not take place as long as a conflict existed along the border between Ecuador and Peru.

In reality, the efforts which have been made toward integrating the countries of the Andean Group have not been very successful, even over the most recent past. Of course, Peru has avoided any commitment. In terms of trade with Colombia, it would be necessary to analyze the foreign commerce figures very carefully. It is logical that if the doors to trade were opened, a large percentage of the merchandise which has crossed the border with Colombia would increase the statistical data on trade between Ecuador and Colombia. It would be necessary to analyze how much of that trade already has gone on between the two countries through smuggling.

With regard to trade with Venezuela, just in the last few years Venezuela has industrialized itself as much as possible, not only by producing food and basic articles needed for its own consumption, and which it previously imported, but also by putting its steel and aluminum industries and the raw materials produced in large quantities in that country into a competitive position. On the basis of its performance over the past decade alone, Venezuela could integrate itself into a trading market with Colombia and also with Ecuador.

However, there are transportation difficulties with our country. Claims have been presented by certain trade unions aimed at preventing the transportation of goods between the countries of the northern Andean group if it is not handled in trucks and vehicles of Ecuadoran registry.

Despite all of that, the Cartagena Pact has continued to develop. It could eventually turn out that three or four countries, excluding Peru, might try to strengthen their economies by means of this new and stronger market and become attractive to countries outside the area.

However, the conflict with Peru will undoubtedly have a serious impact on the cross-border trade between the two neighboring countries. With or without fighting, it is inevitable that this trade will continue. The cross-border trade is essential for many reasons, in the interests of the northern area of Peru and the income of the Provinces of Loja, El Oro, and Morona-Santiago in Ecuador.

The weakening of a possible and theoretical common market between all of the countries of the Cartagena Pact will be an inevitable consequence of the present conflict between Ecuador and Peru.

However, now is the time for further development. At the same time, Ecuador must reflect and decide whether it will continue to stay within a possible common market with Colombia and Venezuela. The question is whether these two countries would be interested in the small, Ecuadoran market or would prefer to join the free-trade system of Mexico, Canada, and the United States.

Our country cannot stand still at a time when countries are joining trading blocs and when the common market is not so integrated and complete as to cover all of our production, marketing, and consumption. However, this possibility must lead us to consider joining a bloc which, without consideration of border problems, could mean the expansion of our trade and the possibility of economic integration with other countries in South America.

Indian Special Army Unit Described

95SM0245A Quito VISTAZO in Spanish 16 Feb 95 pp 20-22

[Article by Cecilio Moreno Mendoza: "Devils of the Jungle"]

[FBIS Translated Text] They are men of the jungle, raised in the jungle itself and ready to survive in it. They are natives of the area. Once they completed their required military service, they decided to become professional soldiers. They are the "Iwia's."

Students of Shuar tribal mythology do not agree on the true meaning of the word "Iwia." In the view of some of them it means, "The evil god of the jungle." In the view of others it means, "a crafty, agile, and wise god," but not something evil. What is certain is that when the group was organized, it was the Shuara themselves who suggested the name, which was accepted by the Ecuadoran Army.

Loving the Jungle

To become an "Iwia" one requirement is to be born in the jungle. An Army major said: "This is essential to maintain in them their own love for the land."

Being an "Iwia" is a privilege. Not all of those who apply to join the unit are accepted. Those with the best physical characteristics, those fully accustomed to life in the forest, and those best able to withstand fatigue and the deprivation of comforts are accepted. First, they are subjected to a tough military and academic training process. In the classrooms of the Iwia school in the Province of Pastaza, established in the mid 1970's, they learn to know their country. There they are taught its history. Most likely, because they are indigenous people, they did not learn this in any very detailed way in their own community.

For them it is a matter of adapting themselves to the standards of military life. For their military instructors it is a matter of adapting themselves to the customs of their indigenous pupils. Slowly an unprecedented kind of coexistence is being achieved. The new soldier learns military technology. He receives special, jungle combat training, how to descend from helicopters, amphibious operations, deactivating land mines, etc. The officer in command, who generally comes from a Special Forces unit, in turn, also learns the secrets of the jungle.

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Survival

The Iwia's also differ from other military personnel in that they are permanently assigned to the jungle.

In peacetime they are assigned to carrying on patrols along the border. They also become experienced in the struggle against guerrillas and the narcotics traffic. In the latter case the jungle is also the scenario for their operations.

During the present conflict with Peru the Iwia's were the first troops called out to defend our border detachments. The native Iwia's are also fully acquainted with the frequently inclement weather, the rigors of the jungle, the insects, and other, natural enemies.

They know that the best place to take cover is under a green, living leaf, since a dry leaf could come off the plant and cause an accident. They know what jungle fruits are poisonous and which ones can provide them with the protective nutrition which they need to increase their resistance. Among other vegetables, those they prefer are hearts of palm, yucca, royal palm, and bitter oranges. Their special dishes are wild pig, parrots, monkeys, and agouti [guinea pig]. They detest snake meat. They have a highly developed sense of orientation to the sun. For them the most difficult thing to do is to get lost in thick vegetation. They are experts in building traps which, in time of war like the present, are useful in halting the advance of the enemy. The enemy is trapped between jungle vines and poisoned thorns from which it is very difficult to escape.

The Churuvias

In one area of the Province of Morona-Santiago a new group of native soldiers has been formed. They are called the "Churuvias."

These soldiers do not have the high level of training of the Iwia's. However, they are very useful in terms of their knowledge and adaptation to areas inhabited by people of their own group. They come from the Shuar and Achuar tribes who, without distinction as to sex, join with the Army in defending our sovereignty. Some of them serve as guides for Army patrols operating in the jungle. Others join the resistance forces.

These groups of native soldiers are the true heroes of today. Together with elite groups from Army Special Forces detachments, they fend off Peruvian attacks in a guerrilla war in which our soldiers have demonstrated their training and the extent of their adaptation to operations in the jungle.

Amazon Provinces Economically, Socially Depressed

95SM0237A Quito EL COMERCIO in Spanish 26 Feb 95 p 1-E

[FBIS Translated Text] Puyo, Macas, Ecuadoradio—The inadequacy of roads in the Ecuadoran region of Amazonia was revealed by the recent border conflict.

Residents of the Provinces of Pastaza and Morona-Santiago have the impression that they are living on an island separated from the rest of the country. This is an island where education, health, and social development facilities need greater investment and attention.

The Province of Pastaza, which has 60,000 residents (according to data from INEC [National Statistical and Census Institute]), needs an additional 120 km of secondary roads. This was stated by Roberto De la Torre, provincial prefect.

De la Torre explained the critical road situation in the province and gave as examples the projects to build roads from El Triunfo to Arajuno, which will be 25 km long; from Canelos to Pacayacu, 35 km long; from Mushullacata to Copataza, 35 km long; and from the Anzu River to Piatua, 25 km long.

The interprovincial roads from Banos to Puyo, 25 km long, and from Puyo to Tena, 80 km long, need to be paved with asphalt.

De la Torre also emphasized the lack of elementary, basic services, such as safe drinking water, sewage systems, and an environmental cleanup.

The town of Puyo has applied to the Banco del Estado [State Bank] for a loan of 8.0 billion sucres to build the basic elements of safe drinking water and sewage systems.

The town is also seeking a loan to improve the educational system. There are 250 schools in the area, which meet about 77 percent of the demand of its 17,000 students.

The Banco del Estado has approved a loan for 1.408 billion sucres to build 21 classrooms, four administrative office buildings, three soccer fields, two multi-unit bathrooms, and a sports facility. With the completion of these construction programs, as well as building the Amauta Nanpi and Tomas Rometo Gross schools (at a cost of 190 million sucres, 85 million sucres of which were provided by the Dominican Mission), 85 percent of the demand for space in the schools will be met.

In terms of urban and rural electrification programs, the Province of Pastaza is providing service to its neighbors in the Amazonia area. About 65 percent of the population of the Province of Pastaza now has electrical service.

In 1995 it is expected to reach 75 percent of the population of the Province of Pastaza, with funds provided by FERUM (Provincial Rural and Urban Electrification Fund for Marginal Areas, Inc.).

The largest electrification projects involve the County of Canelos. This area plans to join the National, Interconnected System. An allocation of 230 million sucres is needed for the construction work.

In the Province of Pastaza only 13 percent of the population has access to a telephone. It is estimated that each telephone line serves five persons.

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Roberto De la Torre also mentioned health problems. There are provinces which lack minimum services in this field, such as Sucumbios and Morona-Santiago.

Edwin Mejia, national director of public works programs, states that emergency conditions in the country have demonstrated the need to maintain the road system in perfect condition.

He listed as priority public works projects the completion of the program to pave with asphalt the highways from Banos to Puyo and from Puyo to Macas.

In connection with the highway from Banos to Puyo the second segment (from Ulba to Rio Negro) will be completed by Cartellone e Hidalgo Hidalgo, an Argentine-Ecuadoran consortium. The work will begin in the next few days.

The Argentine Government is financing part of the project, which will cost $19,225,000. This project includes building bridges over the Pastaza and Chiguaza Rivers on the highway from Puyo to Macas.

Highways: The Province of Morona-Santiago Left in the Lurch

Morona-Santiago is the only eastern province which does not have a single square meter of asphalted highway. Its third class roads are not very good, either. Residents of Morona-Santiago are insisting on the construction of the highway from Guamote to Macas, which will connect it with the Province of Chimborazo. The trip between the two points will take about three hours. o73 At present Morona-Santiago has a highway which has not yet been completed, is not being maintained, and has eight bridges remaining to be built.

The final stage (18 km) of this highway from Guamote to Macas has not been built for various reasons, including complaints by ecologists.

Before Sanguay National Park was designated, the trade road between the villages of Macas and Riobamba had already existed for several centuries.

Highway construction projects which should be carried out include the following roads: from Pun to Sucumbios, from Cayambe to Aguarico, from Quito to Coca, and highways which start from Ambato, pass through Banos and Mera, and go to different points in the central region of the Province of Amazonia.

Peru

U.S. Air Cargo Company Banned From Peruvian Airspace

PY1803035795 Madrid EFE in Spanish 0303 GMT 18 Mar 95

[FBIS Translated Text] Lima, 17 Mar (EFE)—On 17 March the Peruvian Government permanently banned the U.S. company Fine Air from entering into and operating in Peruvian airspace, on the grounds that it had been responsible for transporting cargo that "affects national security."

An official communique from the Ministry of Transport, Communications, Housing, and Construction issued in Lima today announced the Peruvian Government's decision, which according to Minister Juan Castilla was adopted "to protect our national interests, sovereignty, security, and defense."

The communique stated that "with regard to the recent conflict that broke out on Peru's northern border," the use of Fine Air aircraft "in air freight operations adversely affects national security."

Several sources reported that Fine Air planes transported Argentine weapons and ammunition bound for Ecuador in February, when an armed conflict was raging between Peru and Ecuador. The border dispute lasted from 26 January to 28 February.

The communique further stated that this U.S. company hires planes to the Peruvian company Export Air. It was thus decided to suspend this airline's operations for 30 days to probe into its activities.

Harassment of Peruvians in Ecuador Decried

PY1703140595 Lima EL COMERCIO in Spanish 10 Mar 95 p A2

[Editorial: "Peruvian Accusations at the OAS and the United Nations"]

[FBIS Translated Text] We believe Peru has acted in accordance with international law by accusing Ecuador at the OAS and at the United Nations of seriously and systematically violating the human rights of Peruvian citizens living in Ecuador.

Thus, the appropriate forums have been alerted to this sensitive problem which has been going on for some time now and which continues even after the implementation of the cease-fire that is being monitored by Rio de Janeiro Protocol guarantor country observers.

Peruvian Ambassador to the OAS Beatriz Ramacciotti has reported that Peruvians in Ecuador are being harassed in many ways: "There are cases of mistreatment, unexpected house searches, harassment of businessmen and students on groundless charges of espionage, and torture, while the whereabouts of some people is still unknown."

Our diplomatic representative emphasized: "Even police personnel and security agents are involved" in life-threatening actions against Peruvian citizens in open violations of human rights.

The Ecuadoran ambassador to the OAS responded that these are isolated, criminal incidents in which the Ecuadoran state is not involved, and that the situation was being blown out of proportion. He even resorted to a

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Manichacan maneuver—which we deplore—hinting that Peruvian citizens orchestrated the crime against the father-in-law of the Ecuadoran Defense Minister.

This type of reaction is, of course, just a smokescreen which convinces no one. The many cases of human rights violations which Peru has reported have been duly proven beyond any doubt. Some were completely blatant—like the one involving Peruvian Consul in Machala Eduardo Gonzalez Mantilla, who was attacked, tortured, and severely beaten by people in uniform, according to the formal charge pressed before Ecuadoran authorities.

Many of the Peruvian citizens who have been arrested, locked up, and tortured abominably with electrical charges, beatings, and ant bites in miserable cells, have supplied further evidence.

Furthermore, Ecuadoran military forces have yet to clear the antipersonnel mines they planted in urban areas along the border between Aguas Verdes and Huaquillas, violating several international agreements and UN regulations.

The Department of Consular Affairs of the Peruvian Foreign Ministry has reported that 64 Peruvians are still in jail in Ecuador, and 11 are missing. Meanwhile, the Ecuadoran ambassador in Lima refuses to report on the legal status and the physical and psychological conditions of these people, nor has he answered the strong protest note that the Foreign Ministry sent on the case involving Consul Gonzalez Mantilla.

Given the way things are, the appropriate OAS and UN organizations should immediately evaluate Peruvian charges, and compel Ecuador to release Peruvian citizens without further delay. Otherwise these organizations "will be internationally responsible for the situation incurred by the Ecuadoran state," as the Peruvian Foreign Ministry has put it in its communique.

The guarantor country observers should evaluate these incidents to include their conclusions in their reports, but they must also seek to dissuade Ecuador from pursuing a course which harms Peru and violates international laws.

So far Peru has restricted its military actions to defending its national sovereignty and international rights. It is obvious that Peru has taken all the necessary steps in its quest for an honorable peace between the two countries even though the conflict was started by an Ecuadoran invasion.

It is equally obvious that if attacks continue on our country and our fellow countrymen, Peru will have to take whatever legal and concrete measures necessary to end this situation which is becoming intolerable.

Two Army Corporals Killed by Mine Explosion

PY1703131295 Madrid EFE in Spanish 0356 GMT 17 Mar 95

[FBIS Translated Text] Lima, 16 (Mar)—It was officially confirmed on 16 March, in the Peruvian locality of Bagua, that two Peruvian Army corporals died when they stepped on a mine in the border zone of the Condor Mountain range where the armed conflict between Peru and Ecuador took place.

A communique issued by the 6th Peruvian Military Region, which is headquartered at the El Milagro garrison in Bagua, states that the incident happened yesterday, 15 March, when the victims were carrying food supplies for the troops deployed to Watch Post One (PV1).

This locality, 250 km from the Peruvian-Ecuadoran border zone, was the center of military operations during the armed conflict between the two countries which began on 26 January and went on until 28 February.

PV1 is the post nearest the Ecuadoran border. It is the point indicated by the Itamaraty Peace Declaration of 17 February, which was ratified by the Montevideo Declaration of 28 February, for the concentration of Peruvian troops following the cease-fire.

The observers of the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States) are also based there. The observers arrived on 11 March to verify the cessation of hostilities, the separation of the belligerent forces, and to propose a demilitarized zone.

Fujimori Resumes 'Normal Activities' After 30 Days of War

PY1703230595 Lima Radio Programas del Peru Network in Spanish 1800 GMT 17 Mar 95

[FBIS Translated Excerpt] After a lapse of 30 days, President Alberto Fujimori has resumed his normal activities, inaugurating a number of educational centers. First he dedicated Industrial School 2075 in the Third Zone, Collique, and later the coeducational Independencia School.

At the beginning of his speech at the first school, the chief of state called for one minute of silence in remembrance of those who died in the conflict with Ecuador. He also said that Peru has returned to normal after 30 days of clashes. [passage omitted]

President Fujimori was accompanied by Economy Minister Jorge Camet and representatives of the (Satakawa) Foundation. Right now the chief of state is at Army Air Base No. 3, where he will soon board a helicopter to overfly the zone, which has affected by heavy rainfall, specifically in the southern part of this capital. Later on we will listen to comments by Minister Jorge Camet.

'Serious Damage' Caused by Border Conflict Handling Decried

PY1703151295 Lima CARETAS in Spanish 9 Mar 95 pp 44-45

[Article by former President Alan Garcia Perez: "Letter From Bogota"]

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[FBIS Translated Text] On 13 February former Ecuadoran President Rodrigo Borja told the news agency Inter-Press Service that an outlet to the Amazon for Ecuador was a subject he had discussed on various occasions with Mr. Fujimori:

"We spread out a map on a tabel that President Fujimori brought, and I showed him a portion of land that began on the Mendez Morona Highway and extended 170 km, reaching the navigable portion of the Amazon River. Fujimori responded by saying that he would hold talks in Lima, and opportunely answer the Ecuadoran proposal."

This is a very serious fact being overlooked in the recent assessments. For it is obvious that these deals, negotiations concerning which began in Quito (1991) and continued in Cartagena and San Antonio, Texas (1992) in the very suite of then President Borja, encouraged the Ecuadoran troops to move their posts into Peruvian territory. These deals made behind the country's back, in addition to the government's connivance with the invasion, that endorsed that advance with the so-called "Gentlemen's Agreement" and the disgraceful "Quito embrace" in August 1992, followed by the dismantling and withdrawal, by 6 km, of Watch Post No. 1, and, finally, the regrettable terms of the Itamaraty Agreement, which violate Peru's territorial sovereignty, represent a series of events that constitute very serious crimes.

Whether or not those talks or offers and the subsequent attitude of conniving with the invader are part of the preparations for the coup d'etat or a strategy of distraction by Mr. Fujimori, as he himself has declared, is something only an exhaustive investigation will determine. Moreover, the argument as to why the Ecuadoran invasion was ignored, to deal with domestic problems first, is an aggravating circumstance, because it bestows on all these acts an intentional character. At any rate, as a result of the deliberate, tentative, or even unconscious attitude regarding such a serious issue, those responsible must defend themselves before the nation for the crimes that the Penal Code sanctions in the following articles:

Art. 328. "Whoever arrives at or executes treaties or acts with another state that result or may result in a war with Peru; whoever allows foreign military troops or units into the country, will be punished with an imprisonment sentence of no less than five years."

Art. 325. "However is responsible for an act designed to subject the Republic, in whole or part, to a foreign domain, will be punished with an imprisonment sentence of no less than 15 years."

Art. 327. "However destroys or alters the landmarks marking the limits of the Republic's territory or is responsible for causing confusion with regard to them will be punished with an imprisonment sentence of no less than five years and no more than 10 years."

In view of these clear articles, those responsible for the serious damage caused to the country will have to account for their deeds. The scandal currently orchestrated against General Lopez Trigoso, seeking to hold him responsible for imprudence and manipulation, will be of little use. This is just another smokescreen among the many created by the government. This is much more the case now that it has been proven that the much-announced recovery of Tihuinza was just a farse; that the excuse used on six occasions, to the effect that "bad weather prevented access," was only a pretext to avoid confessing the truth because the country had already been deceived. And more the case when it was learned that Fujimori and Hermoza used 14- and 15-year-old children as cannon fodder to defend the Peruvian border, while the national territory had been negotiated and offered inside hotel suites and during cocktails.

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